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PROJECT IMPLEMENTATION REVIEW
OF THE GEF, 1997

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 Programme (UNDP), the United National Environment Programme (UNEP), and the World Bank.

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EXECUTIVE SUMMARY

As of June 1997, the GEF had allocated funding in approved work programs to 230 projects totalling almost US\$1.6 billion. Cumulative disbursements increased to US\$479 million by the end of FY97. Disbursements during the year, however, were slightly lower than in FY96. The average time for a project to move from allocation to commitment to implementation decreased significantly during the year. (see pp. 3-6)

The 1997 PIR included 105 projects that had been implemented for at least a year. Half were biodiversity projects; a third addressed climate change. Agencies rated 34 percent of the PIR projects "highly satisfactory" on implementation progress or prospects for achieving global environmental objectives, 18 percent on both. Sixteen percent were rated "unsatisfactory" on at least one measure, slightly more than last year. (see pp. 7-8)

The PIR reviewed portfolio highlights and insights gained during the year in each focal area (see pp. 9-16), 3 cross-cutting issues identified in advance for special attention, and 3 others that emerged from the review. The importance of broad and continuous *stakeholder involvement* in projects is increasingly clear. For participation to be effective, stakeholders must be actively engaged in decision making processes. Periodic consultations about project activities are not enough. Many GEF projects are doing this with success, but others are not. Actively involving stakeholders is not easy and takes a lot of time. Local institutions often need to be strengthened to allow for effective participation. Pursuit of genuine stakeholder involvement can meet with resistance from govern-

ments not used to working this way; they may need support to rethink their own roles and approaches. Strong *commitment by recipient countries and organizations* is a major determinant of project implementation success, and even more so for long term sustainability. To gain recipient ownership and commitment, projects have to respond to national or local interests in addition to seeking global environmental benefits. Careful integration of project interventions with national policies and priorities is needed to help ensure that links between project efforts and global environmental benefits can be effectively made and sustained. One effective way of *involving the private sector* as partners is providing opportunities for direct interaction with government agencies on issues that affect them. The PIR also underscored the need to be sure that incentives used to attract private businesses do not make continuation of project activities difficult once GEF funding ends. (see pp. 17-23)

Capacity building efforts have trained hundreds of people involved in projects, strengthened environmental organizations, and created networks to exchange experiences. But more precisely defining the intended results and impacts of capacity building and institutional strengthening is a high priority. A lesson that emerged clearly from the PIR was the importance of *information dissemination and public awareness-raising* activities in stimulating the adoption of new technologies or behaviors, strengthening ownership of projects, and creating a more favorable enabling environment for policy and attitude changes. Finally, more systematic effort is needed to identify and disseminate information on *performance indicators* for GEF projects and programs. (see pp. 23-27)

I. INTRODUCTION

1. At the request of the GEF Council, project implementation reviews (PIRs) are carried out annually by the GEF implementing agencies (IAs) and secretariat (GEFSEC). These reviews have two purposes: (1) to examine the status of GEF projects, especially with regard to implementation progress and the prospects of achieving global environmental objectives, and (2) to identify lessons learned from GEF experience and share them broadly within the GEF family and with other interested parties. The 1997 PIR was the third annual implementation review conducted by the GEF.
2. The PIR process is designed to complement and strengthen internal portfolio management procedures used by the implementing agencies. Based on recommendations of the 1996 PIR and discussions among GEFSEC and the IAs, minimum common reporting guidelines were issued by GEF's Senior Monitoring and Evaluation Coordinator. Each agency was asked to prepare a financial analysis of its GEF portfolio, an overview emphasizing key trends in this portfolio and lessons learned to date, and individual reports for all projects that had been in implementation for at least a year as of June 30, 1997. Each project report rated implementation progress and the likelihood that its global environmental objectives would be achieved. In addition, agencies were asked to address two cross-cutting issues in their overviews and project reports: (1) experience in obtaining stakeholder involvement and assuring that projects are country-driven and reflect recipient commitment, and (2) the extent of private sector (NGO and for-profit) involvement in the project and any factors that may limit such involvement. As long as these minimum guidelines were met, agencies were free to adjust their reporting formats to suit their internal management priorities.
3. The three IAs reviewed internally the portion of their GEF portfolios covered by the PIR. Each then shared the results of its review with GEFSEC and the other IAs. These reports became the basis for an inter-agency review meeting organized by the Senior Monitoring and Evaluation Coordinator held in New York on November 20-21, 1997. It featured discussion of five detailed presentations, involving nine projects, which highlighted the cross-cutting issues chosen for the 1997 review. In addition, the status of each project rated as unsatisfactory, and actions being taken to address implementation problems affecting them, was discussed.
4. It is clear from the 1997 review that the PIR process is becoming increasingly integrated with implementing agencies' internal procedures. It is also serving as the basis for broader portfolio management approaches being applied in the IAs. For example, UNEP used the occasion of the PIR to hold the first comprehensive internal review of its GEF portfolio. It involved not only its project managers and GEF coordination staff, but also the offices responsible for monitoring and evaluating projects in UNEP generally. UNEP's GEF Coordination Unit reports that this has encouraged mainstreaming of GEF activities and an expanded dialogue on monitoring and evaluation approaches within the organization. UNDP used the PIR guidelines as the basis for a standardized, automated report for its GEF projects. This is facilitating integration of performance information with existing data bases. UNDP's GEF Coordination Unit included in this reporting format information on stakeholder involvement, capacity building, and project success factors that was used to conduct substantial analyses. For the first time, UNDP included impact ratings for each project. The 1997 review was the first time the PIR was conducted simultaneously with the World Bank's annual review of portfolio performance (ARPP). This integration will become closer in 1998, when GEF projects start to use a fully electronic reporting format along with all other Bank projects.
5. Many people, including task and project managers and staff in IA GEF coordination units and the secretariat, contributed to making the 1997 PIR a successful review. In particular, the GEF recognizes the frank, informative and insightful reports prepared for the Biodiversity Conservation and Natural Resource Management Program in Papua New Guinea and the Biodiversity Conservation in the Chocó Region project in Colombia. These reports made an extremely valuable contribution to our understanding of the factors that influence stakeholder involvement and project success.

II. PORTFOLIO ANALYSIS

A. OVERALL GEF PORTFOLIO

7. As of June 30, 1997, a total of 230 projects² had been allocated funding in approved GEF work programs. As shown in Table 1, 118 (51 percent) of these are administered by UNDP, 99 (43 percent) by the World Bank, 10 (4 percent) by UNEP, and 2 (1 percent) by more than one GEF implementing agency. One project (PRINCE) is administered directly by the GEF secretariat. Funding for these projects totaled US\$1,594 million, of which US\$1,064 million (67 percent) was in World Bank projects, US\$460 million (29 percent) in UNDP projects, US\$36 million (2 percent) in UNEP projects, US\$31 million (2 percent) in multi-IA projects and US\$3 million administered by GEFSEC. A total of US\$733 million was approved for 116 projects during the GEF Pilot Phase and US\$861 million for 114 projects during GEF1. In addition, as of June 1997, US\$22 million had been approved during GEF1 using expedited procedures for 107 enabling activities under the biodiversity and climate change conventions.

8. Figure 1 illustrates the growth of the GEF portfolio, including amounts allocated, committed and disbursed, from June 1991 through June 1997. During FY97, 44 projects with GEF funding of US\$374 million were approved by the GEF Council. This represents an increase over the US\$321 million approved the previous year. During the year ending in June 1997, 16 GEF projects were operationally completed.

9. Table 2 shows the distribution of the GEF portfolio as of June 1997 by focal area. It included 97 biological diversity projects (US\$585 million), 95 climate change projects (US\$606 million), 19 international waters projects (US\$180 million), 11 projects to phase out ozone depleting substances (US\$113 million), and 8 multi-focal area projects (US\$110 million). Regionally, Asia and the Pacific and Sub-Saharan Africa each account for the largest portion of approved GEF projects (21 percent), followed by Latin American and the Caribbean (18 percent).

TABLE 1.
GEF FINANCED PROJECTS BY IMPLEMENTING AGENCY (AS OF JUNE 1997)

	Pilot Phase		GEF (FY Feb 95-Jun 97)		Total	
	# Projects	US\$ Millions	# Projects	US\$ Millions	# Projects	US\$ Millions
UNDP	56	256	62	204	118	460
UNEP	6	22	4	14	10	36
World Bank	53	452	46	612	99	1064
All IAs	0	0	2	31	2	31
Others*	1	3	0	0	1	3
Total	116	733	114	861	230	1594

* PRINCE project managed by GEF secretariat

² Unless otherwise noted, the numbers in this section exclude enabling activities and pre-investment funds.

TABLE 2.
GEF FINANCED PROJECTS BY FOCAL AREA (AS OF JUNE 1997)

	Pilot Phase		GEF (FY Feb 95-Jun 97)		Total	
	# Projects	US\$ Millions	# Projects	US\$ Millions	# Projects	US\$ Millions
Biodiversity	58	332	39	253	97	585
Climate Change	41	259	54	347	95	606
International Waters	12	118	7	62	19	180
Ozone	2	4	9	109	11	113
Multi-Focal	3	20	5	90	8	110
Total	116	733	114	861	230	1594

parison is misleading since the Bank's average project age is higher and its portfolio includes a number of large, quick-disbursing adjustment loans. Disbursements are 70 percent of commitments in UNDP's non-GEF portfolio. UNEP was unable to provide a comparable disbursement rate for its non-GEF projects due to a difference in internal procedures.

12. *Amounts disbursed for GEF projects were US\$141 million during the year, down from US\$153 million in FY96.* There were slight decreases from 1996 to 1997 across the board: from US\$58.5 million to US\$54.5 million for the World Bank, from US\$88.2 million to US\$82.0 million for UNDP, and from US\$6.4 million to US\$4.7 million for UNEP. For UNDP and UNEP, this decrease was because many of their Pilot Phase projects are reaching completion and the period of significant disbursements is past, while their GEF1 portfolios either have not yet fully come on stream or, in the case of UNEP, are made up largely of enabling activities and PDF-B grants that are much smaller in size. The World Bank attributes the decline in its disbursements to the fact that several projects with "lumpy" disbursement patterns—for example, projects that involve the capitalization of biodiversity trust funds where disbursements are made all at once, or projects executed by the International Finance Corporation (IFC) where funds are released by the Bank in tranches only 2-3 times over the life of the project—did not have as substantial disbursements during in FY97 as in the previous year.

C. TRENDS IN TIME FROM ALLOCATION TO IMPLEMENTATION

13. GEF's implementing agencies continue to make progress in reducing the time between work program allocations, final agency approval (commitment) and the beginning of project implementation. As shown in Figure 2, in FY97, on average, *projects approved by the World Bank took significantly less time to reach the commitment stage than during the previous year* (536 days compared to 625 days in FY96). If two projects that took an especially long time to be presented for Board approval are excluded from the analysis, the decrease is even more substantial: Bank projects took just less than a year on average to reach the commitment stage in FY97. For GEF projects approved by the Bank in FY97, moreover, the average length of time between commitment and the beginning of implementation ("effectiveness") decreased from 150 to 137 days.

14. Likewise, as illustrated in Figure 3, the average time for a UNDP GEF project to move from work program allocation to the beginning of implementation (signature of the project agreement) fell from 495 days to 425 days in FY97, continuing improvements begun in 1996. UNDP reported that 52 percent of its projects had signed project agreements within a year of allocation, and 73 percent in less than 18 months. These improvements reflect greater decentralization of project approval authority and the identification of GEF "focal points" within each UNDP country office to liaise closely with governments and executing agencies.

III. COVERAGE OF THE 1997 PIR

A. PORTFOLIO REVIEWED

16. The PIR for 1997 covered 105 projects that had been in implementation for at least a year as of June 30, 1997, an increase from the 92 projects reviewed in the 1996 PIR. Table 3 shows the regional and focal area distribution of these projects, and Appendix A contains a list of these activities. While previous PIRs included projects only from the GEF Pilot Phase, the 1997 review included 8 projects from GEF1.

17. Taking into account projects that have been completed, the PIR portfolio includes about half of the projects for which GEF funding has been allocated in approved work programs—slightly more in biodiversity, substantially less in climate change. The portfolio reviewed was made up of 51 biodiversity, 37 climate change, 9 international waters, 5 ozone and 3 multi-focal area projects. A total of 49 of these projects are administered by the World Bank, 47 by UNDP, 8 by UNEP, and one by the secretariat. The PIR included 23 projects in Asia and the Pacific, 23 in Sub-Saharan

Africa, 18 in Latin America and the Caribbean, 14 in Europe and Central Asia, and 12 in the Arab States/Middle East. Fifteen of the projects reviewed were global or grouped activities in several countries across regions.

B. PERFORMANCE RATINGS

18. Each agency rated the implementation progress (IP) and prospects for achieving development/global environmental objectives (DO) for each of its projects in the PIR. This was done using a 4-point scale: highly satisfactory (HS), satisfactory (S), unsatisfactory (U), and highly unsatisfactory (HU).

19. A total of 35 projects, or 34 percent of the PIR portfolio, were rated "highly satisfactory" by the implementing agency on either IP or DO, and 19 projects (18 percent) received this rating on both measures. By agency, UNEP reported that 3 (37 percent) of its projects were performing highly satisfactorily,

TABLE 3.
PROJECTS INCLUDED IN 1997 PROJECT IMPLEMENTATION REVIEW

	Biodiversity	Climate Change	International Waters	Ozone	Multiple	Total
Global	4	8	0	0	3	15
Africa	13	7	2	1	0	23
Arab States/ Middle East	4	5	3	0	0	12
Europe/ Central Asia	7	2	1	4	0	14
Latin America and the Caribbean	12	5	1	0	0	18
Asia and Pacific	11	10	2	0	0	23
Total	51	37	9	5	3	105

IV. PORTFOLIO HIGHLIGHTS BY FOCAL AREA

23. This section provides a summary of the portfolio of projects in implementation in each of GEF's four focal areas. It highlights areas of significant progress identified during FY97. Although there are now over 100 GEF projects for which there is significant implementation experience, the complexity of addressing global environmental issues and the multitude of settings in which these projects are carried out calls for a certain degree of caution and modesty in drawing lessons from and generalizing about this experience. With this caveat in mind, however, this section of the report and the next one discuss insights gained in implementing GEF projects over the past year and the principal challenges that appear to be facing each portfolio.

A. BIOLOGICAL DIVERSITY

24. About half of the projects included in the 1997 PIR were in the biodiversity focal area. The majority focus on improved conservation of protected areas or coastal zones, directly through support of field-based activities and/or indirectly by strengthening the ability of government agencies and NGOs to manage these areas better. Several projects concentrate on building capacity for planning and management, including through training and support for preparing inventories of biological resources and for biodiversity data management. A smaller number of projects—e.g., Burkina Faso Wildlife Ranching, West Africa Pilot Community-Based Natural Resource and Wildlife Management—directly address issues of sustainable use of biological resources (some of the protected areas projects also deal with sustainable use as an element of their conservation strategies). Finally, a few projects from the Pilot Phase support research or collections projects in areas of especially rich biological diversity, e.g., Indonesia and Ethiopia.

25. According to the implementing agencies' performance ratings, the biodiversity portfolio is generally progressing well. To date, however, this reported success has been largely in terms of processes—testing and applying participative, community-based approaches; institutional development; and raising awareness about the need to conserve biological diver-

sity. There has not yet been sufficient time to expect, nor are there yet adequate indicators or baselines to measure, the impact of GEF-supported activities on the actual conservation of biodiversity.

26. Among the insights highlighted in the PIR are the following:

- *Active and full engagement of communities in all stages of project design, implementation and monitoring is a key determinant of success.* A number of projects (e.g., Nepal Biodiversity Conservation, Dominican Republic Conservation of Biodiversity in the Coastal Zone, Mauritius Biodiversity Restoration, Philippines Protected Areas, Colombia Biodiversity Conservation in the Chocó Region, and Papua New Guinea Biodiversity Conservation and Natural Resources Management) have devoted major efforts to involving communities in decision-making processes. They are generating a wealth of experience that now needs to be more actively disseminated. *Actively engaging a wide range of stakeholders can be an extremely time-consuming process. It often requires developing new skills among project staff (including NGOs), and constant reinforcement of their efforts.*
- *Biodiversity projects need to combine conservation efforts with activities that address more immediate local and/or national socio-economic needs and are sensitive to political processes.* These might take the form of developing alternative income sources (e.g., retraining of turtle shell carvers in the Seychelles—see Box 1); educating local farmers about how the deterioration of an important resource was adversely affecting their livelihood, as was done in the Azraq oasis in Jordan; or taking advantage of the interest of indigenous groups in participating more broadly in national political issues, as occurred in the Colombia Chocó project. Experience in Papua New Guinea has shown that *working patiently with communities to help them identify their own alternative development options works better than offering material incentives that may bring quick returns but do not change communities' conviction for conservation.* Without such conviction at the community

- Activities supported under various Pilot Phase projects to increase awareness, strengthen institutional capacity, and expand biodiversity data collection and management have often provided a foundation for enabling activities to assist countries implement the biodiversity convention.

27. A number of key challenges facing GEF's biodiversity portfolio can be identified from the PIR. They include:

- *The sustainability and long-term financing of biodiversity conservation efforts remain unanswered questions.* Clearer expectations of the roles of na-

tional governments and the international community in meeting these costs are needed.

- The underlying causes of biodiversity loss are still often poorly understood and are likely to be much broader than the GEF can address. This requires designers to give *greater attention to the policy and socio-economic environment within which biodiversity projects are carried out, not only technical or site-specific factors.* It also means that biodiversity projects cannot be implemented in isolation from other national or donor-funded programs, and that greater collaboration and policy coherence are required.

BOX 2.

CAMEROON BIODIVERSITY CONSERVATION AND MANAGEMENT PROJECT

The objective of this project implemented by the World Bank is to help the Cameroon government consolidate and upgrade the management of protected areas with high global priority for biodiversity conservation. It focuses on 6 ecological regions including 10 national parks and other reserves. Field activities are carried out by 10 international NGOs, with cofinancing from 9 donors in addition to the GEF. A central coordinating unit (CNC) in the Ministry of Environment and Forests is responsible for overall project management.

Despite progress in some field activities, the project has been plagued with major difficulties. The CNC does not have the resources to play an effective role in coordinating the large number of dispersed activities, each with a different foreign NGO executing agency that often has its own agenda and funding from a bilateral donor. Project activities represent different approaches to biodiversity conservation in the absence of a national strategy. CNC staff operate within a rigid, top-down, and procedure-dominated government structure, do not have skills needed to perform their assigned role, and lack salary and other incentives. This has led to poor communication and coordination among the project, executing agencies and the ministry. Subprojects have developed independently of each other.

Participation of communities, government agencies, and other stakeholders was limited and superficial during project design; most design work was done by international consultants and NGOs. Government commitment to community forestry is weak, and support for extractive exploitation is often a higher priority than conservation. While some NGOs and donors have emphasized participation at field sites, there is no sharing of experiences. Only limited efforts have been devoted to involving private hunters and loggers in project activities. The CNC is staffed mostly by forest specialists and has little expertise in promoting participatory approaches.

In retrospect, three lessons are clear from this experience: (1) the project is overly complex for the institutional environment in which it is placed; (2) significant policy and institutional changes are required to meet the project's objectives, including creation of a legal framework that includes adequate conservation incentives, fosters private sector support, and provides a basis for enforcing relevant laws and community agreements; and (3) stakeholder participation is essential for the success of conservation activities—it must start at the earliest stage of project activity and be nurtured by a supportive policy environment, staff skilled in participatory methods and conflict resolution, and continual exchanges of experience. These lessons are now being reflected in discussions to restructure the project as a result of an intensive mid-term review.

BOX 3.

THE CHINA COAL BED METHANE PROJECT

China accounts for a third of worldwide methane emissions from human activity, mostly as a byproduct of coal mining. Less than 10 percent of the methane generated by China's coal mines is recovered. In the early 1990s, coal bed methane was viewed mostly as a safety risk and disposing of it a cost of production. There was little knowledge about methane's economic potential or awareness of the environmental impact of venting it into the atmosphere. Pricing policies were a disincentive to exploit this prospective energy source, and there were no financial mechanisms or management structures to coordinate methane recovery.

In response to this situation, in 1992 UNDP began a US\$10 million GEF-funded project aimed at (1) demonstrating technologies that reduce methane emissions and recover the gas for use as a fuel; (2) assessing the methane resources of coal mines and the potential for using methane gas as a domestic energy source; and (3) increasing the awareness of top policy makers of the benefits of coal bed methane recovery and use.

The project successfully demonstrated at three sites a wide variety of techniques and technologies that Chinese coal mines can employ to reduce atmospheric methane emissions and recover methane as a fuel. Training workshops were held at these sites in resource assessment and related technologies. The project also prepared a detailed assessment and data base of China's coal bed methane resources, and strengthened national capacity to conduct resource assessments on an on-going basis. The China United Coal Bed Methane Development Corporation was created in 1996 as a joint venture between 3 government agencies to formulate policies and regulations, appraise investment opportunities, and negotiate joint ventures between domestic and international companies. As a direct result of these activities, several exploration and/or development agreements for joint ventures have been signed with international investors (including Amoco, ARCO and Philips-US), and more are under active discussion or negotiation.

Over 500 people took part in overseas study tours, domestic workshops and international training programs sponsored by the project. They included senior policy-makers, executives of national corporations, and managers and chief engineers of major coal mines. This, together with other project activities, helped bring about a major change in the policy environment. Recovery of coal bed methane has now been established as a national priority, preferential policies and a new financial mechanism to stimulate recovery and exploitation of methane have been introduced, and China has allocated about US\$80 million for the capture and use of coal bed methane in its 1996-2000 Five-Year Plan.

is strongly linked to effective public awareness and information campaigns. These projects have also had generally successful experience involving private businesses and NGOs. NGOs have played an especially important role in education and awareness-raising activities.

32. A number of projects included in the review—e.g., India Energy Efficiency, India Small Hydel Resources in Hilly Regions, Zimbabwe Photovoltaics, Mauritania Wind Energy, Benin Woodlots, Mali Household Energy—focus on adoption of alternative energy sources in rural areas. While most have been relatively successful in achieving their project outputs, this has often been due to the use of subsidies or other

extra-market incentives. *The effect of these subsidies and other special arrangements on the sustainability of these programs once GEF funding is completed remains a key question.*

33. Finally, as was also the case in the 1996 PIR, one of the main conclusions of the review was that the *policy framework and enabling environment are extremely important for the successful adoption and replication of alternative energy and more energy-efficient products and technologies.* In Chile, the energy efficiency project appears to have created conditions for independent energy service companies (ESCOs) to operate with the mining sector. The Indian government is reevaluating its screening of small hydro

BOX 4.

THE COLLABORATIVE PROCESS OF DESIGNING A GEF INTERNATIONAL WATERS PROJECT:
THE CASE OF THE RED SEA/GULF OF ADEN

In October 1995, the preparation of a Strategic Action Program (SAP) for the Red Sea and Gulf of Aden was initiated with GEF support. The SAP process was led by the Regional Organization for the Conservation of the Marine Environment of the Red Sea and Gulf of Aden (PERSGA) and was supported by all 3 GEF implementing agencies. It resulted indirectly from two Pilot Phase projects in the region: Egypt Red Sea Coastal/Marine Resource Management and Yemen Marine Ecosystems of the Red Sea Coast. Although both projects were just getting underway, they acted as important catalysts for broader regional cooperation. For example, a regional capacity building component provided a mechanism for collaboration among GEF's implementing agencies and led to the identification of the need for a regional action program.

The development of the SAP used a participatory process for reaching agreement on environmental trends, threats and priorities at the regional level. Country teams undertook national surveys and prepared national reports. National workshops were conducted to identify priority actions required by each country as an input to the reports. Participants included representatives of national and local governments, academic and applied research institutes, non-governmental organizations, and community groups. The priorities emerging from the national reports formed the basis for those identified in the SAP. In addition, navigation risk workshops were held in Egypt and Yemen, and a living marine resources workshop was held in Saudi Arabia. A task force of PERSGA, country members, and IA representatives finalized these priorities through a series of meetings. The resulting SAP was endorsed by PERSGA's Council of Ministers.

The SAP provided the basis for a new US\$19.3 million GEF project approved in the November 1997 work program. Its activities will include institutional strengthening to facilitate regional cooperation, reduction of navigation risks and marine pollution, sustainable use and management of living marine resources, development of a regional network of marine protected areas, support for integrated coastal zone management, and enhanced public awareness and participation. The project will be implemented by all 3 IAs, based on roles clearly defined among them at the outset of the SAP process: UNEP is responsible for institutional strengthening to facilitate regional cooperation; the World Bank for coastal zone management and reducing navigation risks and marine pollution; and UNDP for public awareness, sustainable use and management of living marine resources, developing a regional network of marine protected areas, and monitoring and evaluation of program impacts. Co-financing is expected from PERSGA and other donors including the Islamic Development Bank and the European Union.

- *Greater attention needs to be given to consultation in the earliest stages of project identification, and to coordination among GEF's implementing agencies to avoid duplication and overlap and to build on existing programs (e.g., UNEP's Regional Seas Program) whenever possible.*

D. ELIMINATION OF OZONE-DEPLETING SUBSTANCES

40. Only 5 projects in this focal area were included in the 1997 PIR. Four were World Bank ODS phase-out projects in Eastern and Central Europe (see Box 5). The other was UNDP's regional Monitoring and Re-

search Network for Ozone and GHG in the Southern Cone project.

41. A key lesson from the experience under the phase-out projects is the *need to update financial reviews of targeted enterprises to ensure their viability if there are delays in implementation*. The Bulgaria, Hungary and Slovenia ODS phase-out projects were delayed following appraisal waiting for GEF's ODS policy to be clarified by the Council. The changing economic situation in the region, slow progress on privatization, and substantial pre-project financing provided by firms in anticipation of downstream funding affected the financial viability of the enterprises

V. CROSS-CUTTING ISSUES

42. This section summarizes conclusions on cross-cutting issues identified for special attention in the 1997 PIR and a few additional topics highlighted during the review.

A. STAKEHOLDER INVOLVEMENT

43. The importance of genuine, broad and continuous stakeholder involvement in projects is increasingly clear from the implementation of the GEF portfolio. *For their participation to be fully effective, stakeholders must be actively engaged in decision making fora and processes. Periodic consultations with participants about project activities are not enough.* Many GEF projects are doing this, with considerable success. Some of their experiences are highlighted in this section and elsewhere in the report. However, others are not, and some Pilot Phase projects (e.g., India Small Hydel Resources in Hilly Regions) are having to compensate for very limited stakeholder involvement in their design—often at the cost of significant implementation delays and project restructuring.

44. Biodiversity projects have most often devoted efforts to expanding the involvement of NGOs and communities in protected areas and coastal zones. However, even where major progress has been made in involving these groups, participation of the full range of government actors (including local and regional agencies), private business interests, and the science community with a stake in project outcomes requires more attention.

45. The variety of climate change projects in the PIR portfolio—including research activities, capacity development, demand-side energy efficiency, introduction of alternative energy sources, and large industrial activities—has meant that a wide range and large number of possible stakeholders need to be involved. In rural areas, participation issues are similar to those facing biodiversity projects. In other projects, the involvement of private businesses and their customers has been very important. *Going beyond the primary government executing agency or focal point to engage a full range of public sector agencies is critical when policy and regulatory issues are keys to project success and sustainability.*

46. The international waters projects reviewed had mixed experience engaging stakeholders. In some cases—e.g., East Asian Seas and Gulf of Guinea—there has been very active and diverse involvement. In others, for example in the Lake Tanganyika project, there has been much less success, due in part to the security situation in that region. Building on an existing mechanism such as a regional convention to bring together a wide range of stakeholders, from national and local governments to private industries to academic institutions to NGOs and community groups, has been a feature of the Strategic Action Program process that now characterizes much of the international waters portfolio.

47. *Actively involving stakeholders is not easy. Local institutions of all kinds often need to be strengthened to allow effective participation.* Experience from all focal areas shows that it can be a very political process to build and maintain support for project initiatives from a large number of stakeholders with disparate interests and perspectives. To sustain participation, underlying structural issues such as property rights, empowerment, and local governance must be addressed. *Pursuit of greater, genuine stakeholder involvement has sometimes encountered resistance from governments, who are not used to working this way and may need support to rethink their own roles and approaches.*

48. One important dimension of this process is the *identification or development of broad coordination or policy formulation mechanisms that link local stakeholders and activities with national policies and actors.* These mechanisms provide a vehicle for a variety of stakeholders to voice their interests and develop a sense of ownership for decisions. In fact, those involved with the Colombia Chocó Biodiversity project report that putting in place these coordination mechanisms is as important to project success as community participation (see Box 6). Colombia's experience indicates that these mechanisms are more effective when they are initially focused on the completion of specific short term tasks. This tends to make these bodies more committed to obtaining concrete results, and gives them a stronger basis for evolving into more comprehensive vehicles for

49. For the implementing agencies, it is often very time consuming to involve a broad range of stakeholders and encourage effective coordination mechanisms. *It requires that substantial resources specifically be devoted to promoting participation.* This is especially true when working with communities. For example, the South Pacific Biodiversity Conservation Program reported that it took 2-3 years of awareness raising to enlist community support. Reports from the Papua New Guinea Biodiversity project—which was unable to overcome cultural, political, and economic hurdles at its first site and had to terminate activity there when it became clear that its conservation objectives were unlikely to be met—have documented a wealth of experience and insights on this process.⁴ They are supported by reports from other community-based conservation projects included in the review, e.g., biodiversity projects in the Darien region of Panama, Nepal, the Philippines, and Colombia, among others. *In order to build effective partnerships with communities and earn their trust, considerable effort often must be devoted to understanding community perspectives, decision-making structures, and capabilities. The way project staff interact with communities, especially at the outset, is critical for gaining and keeping their respect, and avoiding expectations of rapid or easy returns.* New skills are frequently needed by project staff and organizations (including NGOs). So is patient and continual support from project executing agencies. *Project implementers often need to resist pressures for rapid project implementation in order to have time to build sufficient trust and understanding in communities.* Only in this way can they help communities identify their own solutions and development options, which are critical steps in long term conservation and sustainable use of biodiversity and natural habitats.

50. Experience under three of the biodiversity projects included in the 1997 PIR shows that community involvement can give rise to short run difficulties as communities and other groups have a voice for the first time. This can be especially true when project implementers do not have the right skills or when

attention to social issues is inadequate. In Cameroon, efforts to involve communities exacerbated potential conflicts among stakeholders by bringing them into the open. In Uganda, local politicians tried to direct funds intended for conservation to broader community needs. And in Panama, issues arose about the extent to which traditional authorities represented the views and interests of forest communities. These problems do not argue for avoiding increased stakeholder involvement. On the contrary, resolving issues like these may well be essential for achieving long term sustainable development and global environmental benefits. But they illustrate some of the complications more participative approaches can entail.

51. NGOs are reported to have been very successful at reaching out to stakeholders, especially rural communities, in many projects reviewed in the PIR. Nevertheless, there were instances in the projects reviewed where local communities reported that NGOs do not necessarily represent their views, and where differences between international and national/local NGOs reportedly caused implementation difficulties. Different institutional cultures and perspectives between NGOs and government agencies have also sometimes limited NGO participation.

52. Two other issues regarding stakeholder involvement were highlighted during the review. First, there was little explicit treatment of gender issues in the PIR reports. This requires further attention in future reviews. Second, while considerable progress has been made in engaging stakeholders more actively in GEF projects, *better measures of how expanded participation leads to the actual achievement of global environmental objectives are needed.*

B. RECIPIENT COMMITMENT

53. *Strong commitment by recipient countries and organizations is a major determinant of project implementation success, and even more so for long term replication and sustainability.* In projects reviewed in the 1997 PIR that were having implementation problems, weak recipient commitment was usually a factor. In a few cases, this led to a shift in implementation responsibility from national institutions to the implementing agencies. Where this was done it may have had positive short term benefits in accelerating project implementation, but the long term effect of such a shift on sustainability remains a question.

⁴ For a full discussion of this experience, see Race for the Rainforest: Evaluating Lessons from an Integrated Conservation and Development "Experiment" in New Ireland, Papua New Guinea, by Rob McCallum and Nikhil Sekhran, UNDP, 1997.

55. Important lessons were documented in the review on how increased involvement of government, private sector and community stakeholders can lead to greater ownership of project activities and initiatives, and to greater commitment to project outcomes and objectives. For example, including private business representatives in decision-making processes can lead to better compliance with government regulations. In addition, the dissemination of information and campaigns to raise awareness about environmental issues and the benefits of participating in project activities have had a positive effect on recipient commitment in several projects.

56. *Careful integration of project interventions with national policies and priorities is needed to help ensure that links between project efforts and global environmental benefits can be effectively made and sustained.* One way of doing this is to relate project activities to national environmental strategies. This was reported to be one of the explanations for the very different implementation experience under GEF biodiversity projects in the Seychelles and Cameroon. In the Seychelles, project activities were selected within the framework of a national environmental action plan. They were successfully implemented. In Cameroon, however, there was no such plan when the project was designed. As a result, the project has suffered from a lack of strategic focus and is basically a basket of individual field activities carried out by separate NGOs with very little central government ownership. Through a UNEP-funded enabling activity, the GEF is now assisting Cameroon develop a national biodiversity strategy, and as a result of the 1997 PIR, this work will be harmonized with the mid-term review of the Cameroon biodiversity project.

57. The PIR has demonstrated clearly that projects operate within a political context. The Project Lessons study offers a number of insights based on GEF experience on how this can be taken into account. They include seeking and continually nurturing the support of a wide range of political interests in addition to senior government officials and middle managers who implement government policies; recognizing the impact of elections and other changes in leadership and how this can affect support for the project and the pace and extent of policy changes; and often aiming to produce quick, tangible results in order to gain political support. This last point, of course, underscores the difficult challenges and balancing act that project

implementers often face, since—as discussed in the previous section of this report—projects working with communities often need to be allowed sufficient time to help them identify their own solutions and development options.

C. NON-TRADITIONAL IMPLEMENTATION ARRANGEMENTS

58. The 1997 PIR focused attention on two types of “non-traditional” implementation arrangements: ways to stimulate greater participation of private businesses in GEF activities, and the creation of conservation trust funds under several biodiversity projects.

59. Climate change projects have made great efforts to involve private businesses as suppliers and installers of solar energy equipment or as manufacturers and distributors of energy-efficient lightbulbs. Most of the GEF projects reviewed that aim at increasing energy efficiency or introducing alternative energy technologies have underwritten a variety of subsidies or other incentives as a way of attracting private sector participation. As this first phase of GEF projects begins to come to a close, however, it is becoming increasingly clear that these incentives run the risk of hindering replication and the long term sustainability of project activities and benefits. For example, subsidized importation and warehousing of solar equipment by the Zimbabwe Photovoltaics project weakened local manufacturing capacity. Thus, *an effective balance needs to be found between attracting private businesses and distorting the marketplace in ways that will make continuation of these initiatives difficult.*

60. In many countries GEF projects work with established businesses. As the Project Lessons study has documented, however, in others like Zimbabwe, expanding private sector participation has required efforts to strengthen small, young businesses providing new products or services, in this case the installation of PV equipment in rural areas. This can include expanding their awareness and understanding of the marketplace. Some GEF projects have also increased the quantity and quality of private sector services by helping set and enforce industry quality and performance standards. Industry associations have played a role in this process, especially where continued participation in project activities depends on remaining a member in good standing.

and Bwindi Park Conservation, Bhutan Trust Fund, and Mexico Protected Areas. In all but Mexico, these funds were operational for all of FY97. They have supported management plans for parks and other protected areas by financing improved park administration, research and community development activities. All are serving as multi-stakeholder fora, building new partnerships among governments, NGOs, community groups, scientists and others (see Box 9). For example, in Uganda, representatives of several NGOs and of the Local Community Steering Group are members of the Board of Trustees. Trust funds have also attracted other sources of funding for biodiversity conservation beyond GEF's contributions. As of June 1997, the three trust funds that were in operation had received US\$24.2 million in additional resources.

63. While these trust funds appear to be off to a good start, they—and others created through GEF

projects—will need to be closely monitored to be sure that financial management procedures and controls are in place to preserve the value of the funds' capital while generating sufficient returns to finance field-level projects; that administrative costs are kept under control; and that appropriate mechanisms are being implemented to guarantee that subprojects are consistent with the biodiversity purposes for which the funds were created and with GEF's specific selection criteria, including incremental costs.

D. CAPACITY BUILDING

64. Building capacity and strengthening institutions is a primary focus of GEF projects carried out by UNDP and UNEP. Through these efforts, hundreds of people have been trained, national environmental agencies and NGOs have been created or strengthened, and regional and global networks have been

BOX 9.

CONSERVATION TRUSTS: SUPPORTING NEW PARTNERSHIPS FOR BIODIVERSITY CONSERVATION

Whether operating within existing private foundations or by creating new non-profit entities, conservation trust funds have served to bring together key public and private stakeholders as joint decision-makers to carry out a variety of conservation activities.

- In Uganda, the Mgahinga and Bwindi Park Conservation Trust is managed by a board of 9 trustees drawn from the public park and forest services, NGOs, research institutions, private tourism companies, and local residents of the two parks. A steering committee of local government and community representatives and NGOs provides advice to the Board on interactions at the local level.
- In Peru, the Protected Areas Fund (FONANPE) created by the GEF project is managed by a non-profit entity with 7 board members representing the government, NGOs and an international donor. A good working relationship has been formed with the National Institute of Natural Resources, a coalition of government agencies servicing the parks, leading to a takeoff in project operations within 14 parks and protected areas.
- The Bhutan Trust Fund was created to launch a comprehensive nationwide environmental program. In addition to achieving its objectives of expanding conservation implementation capacity and attracting additional capital, it has raised conservation awareness within the country and abroad. In 1996, the Fund amended its charter so that the current board comprised of 5 government and one international NGO members will, in 2001, take on a broader representation of government, local NGOs and the private sector.
- In Mexico, GEF funds were used to create an endowment within the non-profit Fondo Mexicano para la Conservación de la Naturaleza (FMCN) aimed at providing basic conservation support directly to selected protected areas and their communities. While the FMCN board provides general oversight of the fund, a 7-member technical committee of public, private, social, academic and conservation groups will provide the overall management and direction.

tions in 6 countries and provided training for national staff who have been "twinning" with experts from developed country meteorological institutions. Under the ALGAS project, over 160 national technical experts in Asia have received training in GHG inventories, mitigation and project identification. These experts are now providing inputs to national communications and helping identify climate change mitigation projects for future funding. Through the Research Program on Methane Emissions from Rice Fields project, more accurate estimates of methane emissions from rice production have been calculated and training has been provided to the country teams working on the ALGAS project. These estimates reportedly are being used throughout Asia and will form an important part of the national communications of countries in the region.

67. There are indications that the various GEF-funded capacity building projects are at a stage of potentially producing global environmental benefits, depending on countries' ability to put this capacity to effective use. However, *while most projects are monitoring the quantity of training and other outputs produced, the review noted the absence in most projects of clear statements of intended capacity building outcomes or impacts. Likewise, there is little baseline information and very few indicators to measure the effectiveness and results of capacity building, especially in terms of global environmental objectives.* The more widespread use of the logical framework for new GEF projects will address this to a considerable extent, but the need to define more precisely the intended impacts of, and develop indicators for, capacity building and institutional strengthening projects was identified as a high priority for future attention.

E. PUBLIC AWARENESS

68. A lesson that emerged clearly from the 1997 PIR was the *importance of information dissemination and public awareness-raising activities in stimulating the adoption of new technologies or behaviors, strengthening buy-in to and sustainability of conservation projects, and creating a more favorable enabling environment for policy and attitude changes.* This lesson does not appear to have resulted from a conscious strategy across GEF projects, however. The review concluded that information dissemination and awareness raising should be expanded in GEF projects and programs, and that more effort is needed to disseminate experience in this area.

69. The success of demand-side energy efficiency projects in the PIR climate change portfolio can be strongly linked to effective public awareness campaigns. For example, in Poland, professional advertising and an educational campaign at schools resulted in heightened public awareness and greater use of compact fluorescent lighting (see Box 11). In Jamaica, good community response to the Demand Side Management project was attributed to an NGO-designed public awareness campaign that includes media coverage and school campaigns.

70. *Greater awareness of project benefits can stimulate behavior changes and investments beyond project-funded activities.* A public information campaign in support of the Poland Coal-to-Gas conversion project led to overwhelming expressions of interest from potential participants, surpassing expectations and leading to more widespread conversions funded outside the GEF project. In Jordan, a public awareness campaign on sound environmental practices under the Gulf of Aqaba project led to changes in practices by coastal hotels.

71. Information provided to communities increased their participation in conservation projects. One example of this was reported in Ghana, where the Coastal Wetlands project distributed the results of bird and turtle studies to communities with a resulting increase in voluntary protection activities. An effective way of promoting dialogue with communities is by involving them in monitoring the physical and socio-economic results of the project. For example, respected members of the community play an important role as park managers in Jordan's Dana Reserve, and act as witnesses to the effects of improved area management. The Belarus Biodiversity project found that disseminating project results to communities enhanced their sense of participation and support for changes in conservation management practices.

72. One of the insights gained in implementing the Papua New Guinea Biodiversity project is that to establish an enabling environment for conservation, projects need to invest in education. This requires that attention be given to media outreach, involving churches and other local institutions, developing school curricula, and providing training to teachers and other educators. The Sustainable Development in Sabana-Camaguey project in Cuba and the Coastal Zone Management projects in Belize and the Dominican Republic report similar lessons.

evaluating project results. As the experience under the China Nature Reserve Management and the Philippines Protected Areas projects shows (see Box 12), these efforts are beginning to provide lessons on the process of developing good monitoring and evaluation plans and insights about which indicators will be most useful in monitoring the progress and impact of projects in GEF's focal areas.

75. Despite the progress that has been made, however, over half of the GEF projects reviewed appear not to have identified, nor to be using regularly, clear results-oriented objectives or indicators to monitor and evaluate their impact. Little work has been undertaken to define precise strategic objectives and corresponding indicators for GEF's operational programs. UNDP is placing increased emphasis on logical framework training and, like the World Bank and UNEP, requires logframes with performance indicators for all new projects. The World Bank will retrofit all of its GEF projects with monitoring indicators by June 1998. The Bank has also issued monitoring and evalu-

ation guidelines for its GEF biodiversity, climate change and international waters projects, and these have been provided to the other implementing agencies to use, as appropriate. It is near completing a comprehensive revision of the biodiversity guidelines, which were originally issued in 1992.⁵ The revised version focuses on measuring the biophysical impact of project activities, and will be used throughout the World Bank for all biodiversity projects. An update of the climate change guidelines is planned in 1998.

76. While these are positive steps, the PIR concluded that *a more systematic effort should be led by GEF's Senior Monitoring and Evaluation Coordinator to catalog existing work on and experience with performance and impact indicators at both the project and program level, to identify indicators that would be especially appropriate for GEF projects and operational programs, and to disseminate this information within the GEF family, together with a list of resources on which implementing agencies and the secretariat can draw.*

Box 12.

EXPERIENCE DESIGNING MONITORING AND EVALUATION PLANS, INCLUDING PERFORMANCE INDICATORS

Under the World Bank's China Nature Reserves Management project, the process of developing an M&E plan in a participatory manner took nearly a year. Several workshops were held in the field and involved multiple stakeholders. The final plan focuses on simplicity, cost-effectiveness and sustainability and the understanding that indicators should be: (1) useful to the management of the protected area, (2) inexpensive to collect and maintain, (3) integrated with nature reserve research programs, (4) practical, (5) pertinent and relevant, and (6) reliable. Valuable lessons learned through this process included the good team building experience that participatory efforts bring about.

Timing is also important. Developing an M&E plan before completing the final project design or beginning implementation can cause the plan to be overly complex and the capacity to implement it overestimated, as initially experienced by the Philippines Protected Areas project. Subsequent to the initial design of the M&E plan in this project, a simplified, easier to implement plan was reformulated and is now being used.

⁵ Guidelines for Project-Based Monitoring and Evaluation of Biodiversity (Draft, September 1997). The World Bank, Global Environment Division, Environment Department, Washington DC. 80 pp.

APPENDIX A

LIST OF PROJECTS INCLUDED IN THE 1997 PIR

Multi focal areas

	IA	Project Description	Work Program	IA Approval	Effective Date	US\$ mios	Disbursed as of 6/30/97	% Disbursed
1	UNEP	BD Country Studies Phase 1	Dec-91	Mar-92	Mar-92	5.00	3.02	60
1	GEFSEC	PRINCE (as of 01/31/1997)	Jul-93	Jul-93	Nov-94	2.60	1.06	40.69
2	WB	Small and Medium Scale Enterprise Program	Apr-94	Dec-95	Mar-96	4.30	1.20	27.91
3	UNDP	Small Grants Programme	Dec-91	Mar-92	Jun-92	14.94	14.82	99.20
		Total				21.84		

Biodiversity

	IA	Project Description	Work Program	IA Approval	Effective Date	US\$ mios	Disbursed as of 6/30/97	% Disbursed
1	WB	ALGERIA El Kala National Park/Wetlands	May-91	Apr-94	Sep-94	9.20	2.90	31.52
2	UNEP	BD Country Studies Phase 1	Dec-91	Mar-92	Mar-92	5.00	4.48	89.60
3	UNEP	BD Country studies Phase 2	Dec-92	Jun-94	Jun-94	2.00	1.56	78.00
4	WB	BELARUS Biodiversity Protection	May-91	Sep-92	Dec-92	1.00	1.03	103.00
5	UNDP	BELIZE Sustainable Development in Coastal Resources	Dec-91	Feb-93	Mar-93	3.00	2.51	83.67
6	WB	BHUTAN Trust Fund for Conservation	May-91	May-92	Nov-92	10.00	10.51	105.10
7	UNEP	Biodiversity Data Management	Dec-92	Jun-94	Jun-94	4.00	2.05	51.25
8	WB	BOLIVIA Biodiversity Conservation	Apr-92	Nov-92	Jul-93	4.50	3.97	88.22
9	UNDP	REGIONAL Ecological zoning and geographic monitoring of the Amazon River	May-91	Jan-93	Mar-93	4.50	4.22	93.78
10	UNDP	BURKINA FASO Optimization of biodiversity in game Ranching systems	Dec-92	Feb-95	Jul-95	2.43	0.35	14.40
11	WB	CAMEROON Biodiversity Conservation and Management	May-93	Mar-95	Dec-95	6.29	0.55	8.74
12	WB	CHINA Nature Reserves Management	Feb-95	Jun-95	Aug-95	17.90	6.28	35.08
13	UNDP	COLOMBIA Biodiversity Conservation in the Choco Region	May-91	Feb-92	Sep-92	6.00	5.17	86.17
14	WB	CONGO Wildlands Protection	May-91	Dec-92	Oct-93	10.00	5.66	56.60
15	UNDP	COSTA RICA Conservation of La Amistad and Osa Conservation Areas	Jan-93	Apr-93	May-93	8.00	5.37	67.13
16	UNDP	COTE D'IVOIRE Aquatic Weeds Control	Dec-92	Jun-95	Nov-95	3.00	0.42	14.00
17	UNDP	CUBA Protecting Biodiversity and Establishing Sustainable Development Sabana-Camaguey Ecosystem	Dec-91	Jul-93	Dec-93	2.00	1.75	87.50
18	WB	CZECH Republic Biodiversity Protection	Dec-91	Oct-93	Jan-94	2.30	1.86	80.87
19	UNDP	DOMINICAN REPUBLIC Conservation and Management of Biodiversity in the Coastal Zone	Oct-93	Nov-93	May-94	3.00	2.03	67.67
20	WB	ECUADOR Biodiversity Protection	Apr-92	May-94	Jul-94	7.20	5.12	71.11
21	WB	EGYPT Red Sea Coastal/Marine Resource Management	Apr-92	Nov-92	Dec-94	4.75	1.02	21.47
22	UNDP	ETHIOPIA Conservation of Plant Genetic Resources	Dec-92	Apr-94	Sep-94	2.50	0.45	18.00

Climate Change

	IA	Project Description	Work Program	IA Approval	Effective Date	US\$ mios	Disbursed as of 6/30/97	% Disbursed
1	UNDP	BENIN - Management of Woody Savanna	Dec-92	Jul-93	Jan-94	2.50	1.61	64.40
2	UNEP	Capacity Building and Infrastructure	Jun-94	Jul-94	Jul-94	2.80	2.80	100.00
3	UNDP	CHILE Reduction of GH Gas Emissions	Dec-92	Jun-95	Jun-95	1.70	0.41	24.12
4	UNDP	CHINA Development of Coal-Bed Methane Resources	May-91	Apr-92	Jun-92	10.00	9.43	94.30
5	WB	CHINA Sichuan Gas Transmission	Apr-92	May-94	Jun-94	10.71	0.60	5.60
6	UNDP	Climate Change Training (Phase II)	May-95	Mar-96	Mar-96	2.70	1.04	38.52
7	WB	COSTA RICA Tejona Wind Power	Dec-93	Dec-93	Nov-95	3.30	0.00	0.0
8	UNDP	West Africa Energy Efficiency	Dec-92	Dec-94	Aug-95	3.50	1.40	40.00
9	UNEP	Country Case studies on Green house gases	Dec-91	Jul-92	Sep-92	4.50	4.32	96.00
10	UNEP	Country Studies on Climate Change Impacts	Feb-95	Feb-96	Mar-96	2.00	1.00	50.00
11	UNEP	Economics of Greenhouse Gas Limitations	Feb-95	Mar-96	Apr-96	3.00	0.86	28.67
12	UNDP	Global Change System for Analysis, Research & Training (START)	May-92	May-93	May-93	4.10	3.94	96.10
13	WB	INDIA Alternate Energy	Dec-91	Nov-92	Sep-94	26.00	19.38	74.54
14	UNDP	INDIA Bio-methanation Process	May-92	Jan-94	Mar-94	5.50	0.92	16.73
15	UNDP	INDIA Optimizing Development of Small Hydel resources in the Hilly Regions of India	Dec-91	Jan-94	Mar-94	7.50	1.14	15.20
16	WB	IRAN Teheran Transport Emissions Reduction	Apr-92	Oct-93	Jan-94	2.00	1.74	87.00
17	WB	JAMAICA Demand Side Management Demonstration	May-93	Mar-94	Aug-94	3.80	1.05	27.63
18	UNDP	GLOBAL Alternative to Slash and Burn Agriculture (Phase II)	May-95	Jun-96	Jun-96	3.00	3.00	100.00
19	WB	MALI Household Energy Project	Dec-92	Jun-95	Oct-95	2.50	0.68	27.20
20	UNDP	MAURITANIA- Decentralized Wind Electric Power for Social and Economic Development	Dec-92	Jun-94	Sep-94	2.00	0.45	22.50
21	WB	MAURITIUS- Sugar Bio-Energy Technology	May-91	Feb-92	Dec-93	3.30	0.87	26.36
22	WB	MEXICO High Efficiency Lighting Pilot	Dec-91	Mar-94	Feb-95	10.00	10.72	107.20
23	UNDP	Monitoring GH Gases	May-91	Oct-92	Oct-92	4.80	4.08	85.00
24	WB	MOROCCO Repowering of Power Plant	Dec-92	Sep-94	Apr-96	6.09	0.37	6.08
25	UNDP	PAKISTAN Fuel Efficiency Transport Sector	Apr-92	Jul-95	May-96	7.00	0.24	3.43
26	WB	PHILIPPINES Leyte-Luzon Geothermal	May-91	May-94	Mar-95	30.60	25.62	83.73
27	WB	POLAND Coal-to-Gas Project	Dec-91	Nov-94	Jun-95	26.00	0.38	1.46
28	WB	POLAND Efficient Lighting Project (PELP)	Dec-94	May-95	Aug-95	5.00	4.70	94.00
29	UNDP	REGIONAL Asia Least Cost GHG Abatement Strategy (Philippines)	Dec-91	Aug-93	Aug-94	9.50	5.47	57.58
30	UNDP	REGIONAL Building Capacity in Mahgreb for CCC (Morocco)	May-93	Sep-94	Dec-94	2.50	0.36	14.40

uncover issues or opportunities that were not identified in the project document. The need to establish committees or networks of experts becomes particularly important for regional projects to address environmental monitoring and information, among other challenges. Establishing a network of experts is also important for identifying qualified project personnel when staff turnover affects projects.

2.7. LEGISLATION

The process of developing policies and legislation that represents project goals can be crucial to achieving them. Vietnam has introduced a decree on the Hunting and Trade of Wildlife, Fiji has imposed a moratorium on the hunting of sea turtles, and Belize and developed a policy on cruise ships. In many other countries, new policies await endorsement by government. A key lesson is that policy change is invariably a lengthy process requiring substantial consultations, especially when zoning plans are involved. Government regulations should involve the private sector in project design and decision-making meetings. During this type of inclusive process, the private sector often becomes interested in a partnership with government. Even if a partnership does not emerge, private sector involvement in formulating regulatory measures can produce more informed regulations and better compliance.

2.8. TIME FRAMES

The long-term nature of atmospheric, biodiversity, and international waters endeavors means that it may take 10-20 years to measure impacts. This particularly applies to environmental restoration initiatives. Project outputs should be timed accordingly.

3. FOCAL AREA HIGHLIGHTS

3.1. BIODIVERSITY

In this years PIR 21 full and 4 PDF projects in the Biodiversity focal area with a total value of \$86,181,200 are included. In general, biodiversity-projects are showing good progress in terms of institution building, policy changes, and training of personnel. Many projects have had indirect impacts on threats, inter-alia, by effecting policy changes, improving stakeholder networking capacities, increasing knowledge and understanding of conservation issues,

strengthening the position of conservation within the broader policy agenda, and building advocacy capacities. These changes are likely to improve the operating climate for conservation in the long-term, and are essential for sustainability. Immediate impacts are already visible. For example, the Cuba Biodiversity project (Sustainable Development in Sabana-Camaguey) catalyzed changes in physical construction plans, resulting in modifications being made to the design of new roads in order to protect critical habitats. In some cases, war (Yemen), or lack of adequate personnel in the field (Burkina Faso) delayed project implementation. In others, (Panama) recent guerrilla-type developments in the area might require additional flexibility in project implementation.

Capacity building: A great range of training opportunities have been facilitated by the various projects, including both informal (on the job learning) and formal training. The PNG Biodiversity programme has dedicated considerable resources to developing skills of community development workers to deal with conservation issues and to serve as conservation advocates in the field. These actors then disseminate skills at the village level. Where individuals have been selected for formal training, they are expected to impart skills to co-workers upon their return and training sessions are arranged for this purpose.

Conservation Awareness: Many projects have contributed to an increase in awareness on conservation issues relative to the baseline situation. This is reflected in the quality of debate on conservation issues in the media in countries such as Belize and PNG. An issue here is that media outreach is time consuming and allowance needs to be made for this in project design. Impacts are likely to be felt over the longer term, and sustained awareness campaigns are often necessary—especially for community based projects.

Time frame for implementation: In many cases, this was underestimated (i.e. for the Guyana Sustainable Forestry Project and PNG Biodiversity programme). The key lesson is that biodiversity projects operate in a complex socio-political arena, and efforts to mitigate threats will take time to bear fruit. For community based projects, a five year time frame is too short in most cases. Many projects are operating in remote locations (i.e. Costa Rica Biodiversity), lacking basic infrastructure and amenities, and allowances need to be made for this in determining time budgets for activity implementation.

counterparts. Many projects expressed the need to increase workshops, information dissemination, and awareness activities for the public. Facilitating new perspectives on development requires investments in substantive education programmes, which will also build the stakeholder conviction crucial to long-term sustainability. One PIR stated that "living resource management interventions that are not community based are doomed to failure." The 1997 PIR shows that many national environmental agencies have been established around the world as a result of UNDP-GEF projects. Another area for capacity building is inter-agency cooperation—building inter-institutional networks and linkages have helped many projects achieve their objectives.

2.2. CO-FINANCING

A clear trend is evident in the mobilization of larger co-financing resources during GEF 1 as compared to the Pilot Phase. Resource mobilization and networking efforts are being very successful in securing co-financing from a variety of sources including host governments, bilateral donors and multilateral Banks. Co-financing from UNDP core funds and resources that are managed by UNDP is also increasing. UNDP matched, for example, 100% of the GEF funding for a total of \$5 million for an Ethiopian agrobiodiversity project. In Brazil, the government furnished a \$4 million contribution for a climate change initiative.

2.3. IMPACT RATING

Measuring and evaluating changes using environmental indicators requires a longer time frame than the typical schedule for project implementation. Although most projects have not been active long enough to evaluate impacts, many PIRs note success in lessening the pressure on environmental resources. For some projects in the later stages of implementation, it is too late to benefit from the application of clear indicators to measure impacts. However, indicators are now being developed and integrated into the design of all projects as part of the logical framework approach.

One promising new tool is the use of satellite images of ground-cover or aquatic environments to measure baselines and project impacts. Geographic Information Systems (GIS) are operational in many countries for first time due to UNDP-GEF projects, and they are expected to yield information useful for measuring the impacts of GEF projects and other programme or policy interventions. GIS formats that employ versatile "manager's versions" were found to be more useful by a wider range of experts than those targeting strictly scientific users. In another link to capacity building, institutions and networks are being strengthened to carry out monitoring and evaluation of impacts over the long-term.

TABLE 4.
UNDP/GEF OPERATIONAL PHASE CO-FINANCING AS OF FY97 (IN US\$ MILLIONS) FOR FULL PROJECTS

	GEF Financing \$m.	UNDP Co- financing \$m.	Gov't/NGO Co-financing \$m.	Total Co- financing \$m.	Total GEF Finan. & Co-finan. \$m.	Co-financing as % of Total Finan.
Full Projects	163.0	25.2	184.9	210.1	373.1	56%

TABLE 5.
UNDP/GEF OPERATIONAL PHASE CO-FINANCING AS OF FY97 (IN US\$ MILLIONS)
FOR SMALL GRANTS PROGRAMME

	GEF Financing \$m.	UNDP Co- financing \$m.	Gov't/NGO Co-financing \$m.	Total Co- financing \$m.	Total GEF Finan. & Co-finan. \$m.	Co-financing as % of Total Finan.
Small Grants Prog	24.0	0.8	6.7	7.5	31.5	24%

APPENDIX B.1.

UNITED NATIONS DEVELOPMENT PROGRAMME

GLOBAL ENVIRONMENT FACILITY PROJECT IMPLEMENTATION REVIEW 1997

1. OVERVIEW

The annual GEF Project Implementation Review (PIR) complements UNDP's regular monitoring system composed of the Tripartite Project Review, the Programme Performance Evaluation Reports, the Mid-term Report, and the Final Completion Report. The goal of the PIR is to identify challenges and successful strategies specific to GEF projects, and to share them with a broad audience for the continual improvement of portfolio performance.

This year's UNDP-GEF PIR is the first product of a major effort to further enhance monitoring and evaluation procedures. Many projects have engaged specialists in monitoring and evaluation to train staff and beneficiaries on proper procedures. The core management team relocated resources and appointed a professional staff member dedicated to developing and implementing a framework for M & E that will help to incorporate a series of measurable indicators into all new projects.

For the 1997 PIR, all full projects under implementation for more than one year as of June 30, 1997

were reviewed and individual reports were submitted to UNDP-GEF headquarters. This year's PIR also includes all pre-investment funds such as PDFs, PRIFs, and PPAs active for over one year that have not yet resulted in the submission of a Project Brief.

The 1997 PIR form covering all aspects of implementation was sent electronically to UNDP Country Offices that have projects meeting the review criteria. This 10 page questionnaire probed a range of implementation issues including implementation and impact rating, stakeholder involvement, capacity development, and lessons learned. The new and innovative electronic data gathering process facilitates data processing and retrofitting into existing data bases such as the Project Information Management System. A few technical difficulties were identified which will further improve the electronic format for next year's PIR.

The PIR reports are the result of a collaborative effort, reflecting the experience of UNDP-GEF country office focal points, project managers, regional coordinators and technical advisors. The Small Grants Programme was not included in the PIR review. It was recently reviewed in a Mid-Term Management Review.

TABLE 1.
NUMBER AND DISTRIBUTION OF PROJECTS INCLUDED IN THE PIR BY REGION

Region / Project Type	Full Projects	Pre-Investment Facility	Total
Global	5	0	5
Africa	11	1	12
Asia & Pacific	13	5	18
Arab States	5	1	6
Europe & CIS	1	0	1
Latin America & Caribbean	11	0	11
Total	46	7	53

Projects further along in implementation are beginning to yield some useful lessons on designing present and future projects under the three Climate Change Operational Programmes. Some of the Pilot Phase projects, several of which can be considered "short-term" and others which are capacity building and targeted research, are having a significant impact feeding back into national enabling activities.

Under Operational Programme 5: "Removing Barriers to Energy Efficiency," the Chilean project, "Reduction of Greenhouse Gas Emissions," contains an interesting component focusing on ESCO creation for the promotion and adoption of energy efficient motors within the copper industry. Initially, the mining companies were reluctant to share their records and information with promoters of energy-efficient motors. However, the project team identified a way forward, and are now working both with "in-house" ESCO-like subdivisions and an independent ESCO. A particular success involves the establishment of an ESCO-like energy efficiency sub-division within one of the larger mining companies in (Codelco/El Teniente. Specific initiatives were targeted within seven other companies to ensure achievement of the project's goals.

Under Operational Programme 6: "Promoting the Adoption of Renewable Energy," two projects in Africa provide insight into the process of stimulating renewable energy industries and meeting the demand for electricity in rural areas remote from the grid. Both projects involve a mixture of technical assistance and demonstration activities centered around subsidized revolving loan funds. In the Zimbabwe "Photovoltaics for Household and Community Use" project, 7600 out of a targeted 9000 PV systems have been installed despite delays due to reorganization. The project will conclude in late 1997 or early 1998. Phase I of the "Decentralized Wind Electric Power for Social and Economic Development" project in Mauritania was completed in June 1997 and resulted in the provision of electricity from small wind producers to 900 households. Phase II will be financed by the French GEF and is expected to reach another 8,000 households. Both of these projects represent pioneering efforts and will be among the first UNDP-GEF renewable energy projects to approach completion. Both have either undergone or are undergoing extensive evaluations. An important question to be answered with more time is: how does the renewable energy industry in each case adjust to long-term sustainability following completion of project activities?

A Pilot Phase project under the Short-Term Window, the China "Coal-Bed Methane" project, has resulted in the creation of a state-owned Coalbed Methane Development Corporation. The project encountered some delays with implementation in one area (Songzao) due to non-delivery on the part of an international subcontractor who has since been replaced. In the other three regions, the project activities have been completed successfully and on-time. Because of the project's success, the Chinese government has allocated nearly \$80 million to the development of coalbed methane resources in the next Five-Year Plan. In addition, the project has held a workshop for private sector investors, and it is anticipated that the private sector will be able to play a key role in the joint ventures critical to development of this sector in China.

Capacity-building successes are now providing specific answers to the fundamental question "capacity building for what?" For example, the "Global Change Systems for Analysis, Research and Training" project (START) has supported a large training effort in the Latin American region—estimates are that over 220 certificates have been provided. Capacities built through this project are supporting national and regional assessments of land-use changes that are feeding into the process of national communications to the FCCC. In Costa Rica, the project assisted in the preparation of land-use maps which are providing critical inputs into the Costs Rican inventory and its assessment of emissions from the land-use and forestry sectors. Under the "Research Programme on Methane Emissions from Rice Fields" project, scientifically accurate assessments of methane emissions from rice production have been estimated and training has been provided to the country teams working on the ALGAS project. These coefficients, are being used throughout the Asian region, and will form an important part of countries' national communications. In the ALGAS project, capacity has been raised through training over 160 national technical experts in elements of GHG inventory, mitigation and project identification. These experts are now providing inputs to the process of national communications and helping identify other climate change mitigation projects for future development. Under the "Monitoring of Global GHGs" project, training has been provided to national staff who have been "twinning" with experts from developed country meteorological institutions. Although significant training has been provided and the laboratories established, it will take 5 years to determine whether the project's

13. Policy actions need to be taken within appropriate geographic boundaries (e.g. drainage basin of enclosed sea).

Some delays were noted among the 1997 international waters PIRs: Tanganyika cited setbacks of project work due to civil war/coups in Congo and

Burundi, and Yemen noted impacts from delays in staff recruitment and trainee selection, as well as complexities created by the large number of agencies involved in the project. The Black Sea reported that the difficult economic situation in the affected countries limited their financial support to selected institutions.

- Country Programme Formulation and Technical Assistance /Investment Project Preparation for Turkmenistan, Uzbekistan and Cyprus for Implementation of the Montreal Protocol
- Country Programme Formulation and Technical Assistance /Investment Project Preparation for Georgia and Azerbaijan for Implementation of the Montreal Protocol
- Country Programme Formulation and Technical Assistance /Investment Project Preparation for Estonia and Moldova for Implementation of the Montreal Protocol
- Global Environmental Citizenship
- Country Programme Formulation and Technical Assistance /Investment Project Preparation for Latvia and Lithuania for Implementation of the Montreal Protocol
- People, Land Management and Environmental Change (funded as a prefeasibility study in the GEF Pilot Phase and which has culminated in a GEF funded project)

2. The objective of the PIR was to review the implementation of UNEP's GEF funded activities particularly focusing on UNEP's experiences in project preparation, planning and subsequent implementation as well as in the lessons learned. This year UNEP conducted its first internal PIR meeting which brought together 25 staff including the task managers, finance and evaluation officers and the GEF Coordination Office. Draft reports for the individual GEF projects were prepared and distributed in advance. The agenda for the PIR meeting was based on issues that the participants often confronted which are of utmost importance in the implementation of GEF activities.

PORTFOLIO STATUS

3. As of 30 June, 1997, UNEP's GEF portfolio consisted of 46 projects (including PDF-Bs) (total US\$ 44.22 million) of which 7 projects (including PRIFs) (US\$ 21.7 million) entered the work programme in the Pilot Phase and 39 projects (US\$ 22.23 million) were approved by the Council in GEF1. Of these 46 projects (including PDF-Bs), there are 28 projects in biodiversity, 7 projects in climate change, 5 projects in international waters, 5 projects dealing with stratospheric ozone depletion and 1 project dealing with cross-cutting issues.

4. For the 1997 PIR, other than two projects (People, Land Management and Environmental Change¹ and the Strategic Action Programme for the Binational Basin of the Bermejo River), all the other UNEP GEF projects (excluding Enabling Activities) had been under implementation for more than one year as of 30 June, 1997. Including PDF-Bs but excluding Enabling Activities, these included 4 biodiversity projects (US\$ 14.3 million), 4 climate change projects (US\$ 12.3 million), 5 international waters PDF-B activities (US\$ 1.39 million) and 5 stratospheric ozone depletion PDF-B activities (US\$ 0.415 million).

5. 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 US\$ 20.8 million (72.7% of GEF allocated funds for projects covered by this PIR excluding Enabling Activities). In the biodiversity focal area, disbursements were US\$ 11.11 million (77.7%), in climate change US\$ 8.98 million (73.0%), in international waters US\$ 0.397 million (28.7%) and ozone depletion US\$ 0.18 million (42.5%).

6. The GEF Coordination Office is carefully monitoring the progress of all GEF projects. The procedures for transformation of GEF documents into UNEP project documents have been streamlined. For Enabling Activities, the time from UNEP approval to first disbursement is, in general, less than two months.

APPLICABLE LESSONS FROM PIR 1996

7. Many of the lessons identified in the 1996 PIR are applicable to the project implementation experience in 1997. Some of these lessons include:

- Funds for project preparation activities through the Project Development and Preparation Facility have been an important part of the project cycle. However, further experience has shown the need for more flexibility in PDF-B implementation for multi-country projects as explained further in the text.

¹ The project, "People, Land Management and Environmental Change" was included in the PIR in the context of its prefeasibility funded activities (PRIF) from the GEF Pilot Phase. The project was recently approved in GEF1.

of endorsements for every single country participating in such projects has often delayed the project cycle process, the problem lying within a country's internal problems such as the work schedule of the OFP, the absence of a designated OFP or internal country conflicts rather than it not being considered a national priority. Although the relevant government agency has been involved in the project from the design phase and confirms the activity to be a national priority, the OFP endorsement has sometimes been longer to get.

9. To maintain the required pace of the project cycle, it should therefore be made possible for the Implementing Agencies to discuss multi-country projects with the GEF Secretariat without having all endorsements on board on the condition that any remaining national endorsements would be obtained before final approval of the project and provided the

Implementing Agency proves that the project is indeed a national priority for each country involved. Similarly, for PDF As and Bs, if genuine interest from the relevant government agency can be shown, if its priority at the national level can be demonstrated and if evidence of efforts to get the OFP endorsement can also be shown, the absence of a letter of endorsement from the national OFP should not be a denying factor for PDF implementation. This is particularly the case when dealing with the priorities defined by intergovernmental forums since this is a formal agreement based on the national priorities of the participating governments.

10. *Inadequate financing limits for PDF implementation in a multi-country context:* In implementing a PDF-B project that involves several countries in a region, it is extremely difficult to develop a high quality project with funding restricted to US \$350,000 or less,

TABLE 2.
STATUS OF UNEP/GEF PDF-B PROJECTS COVERED BY PIR 1997, AS OF 30 JUNE 1997

Project	GEF Allocation (US\$)	Commitment (US\$)	Disbursement (US\$)	Percentage of Total
1. Global International Waters Assessment	0.290M	0.290M	0.124M	42.8
2. Western Indian Ocean: Formulation of a Transboundary Programme for the Marine and Coastal Environment	0.325M	0.325M	0.05M	15.4
3. South China Sea: Formulation of a Transboundary Diagnostic Analysis and Preliminary Framework of a Strategic Action Programme	0.335M	0.335M	0.047M	14.0
4. Strategic Action Programme for the Red Sea and Gulf of Aden	0.095M	0.095M	0.062M	65.3
5. Formulation of a Strategic Action Programme for the Mediterranean Sea to Address Pollution from Land-Based Activities	0.340M	0.340M	0.114M	33.5
6. Enabling CETIs to Phase Out the Ozone Depleting Substances of the Montreal Protocol	0.120M	0.120M	0.084M	70.0
7. Country Programme Formulation and Technical Assistance/Investment Project Preparation for Turkmenistan, Uzbekistan and Cyprus for Implementation of the Montreal Protocol	0.145M	0.145M	0.040M	27.6
8. Country Programme Formulation and Technical Assistance/Investment Project Preparation for Georgia and Azerbaijan for Implementation of the Montreal Protocol	0.100M	0.100M	0.006M	6.0
9. Global Environmental Citizenship	0.235M	0.235M	0.151M	64.3
10. Country Programme Formulation and Technical Assistance/Investment Project Preparation for Latvia and Lithuania for Implementation of the Montreal Protocol	0.0495M	0.0495M	0.046M	92.9

in the individual country approach, this has to be done separately for each country. The GEF should consider the benefits of the multi-country global umbrella approach for dealing with certain issues and the need for pooling some financial resources together from individual country projects for cross-cutting activities between countries such as for training and technical backstopping. Using the multi-country global umbrella project approach is an important vehicle for involvement of and collaboration among government agencies and other stakeholders. It would also enable the GEF to build on what has proved to have worked as an ideal mechanism that accounted for a large measure of initial project success.

18. *Use of the GEF QOR:* Experience has shown that the QOR does not enable one to easily discern the new projects added to the GEF Work Programme. For other projects already in the GEF Work Programme, it appears that its issuance on an annual basis (or at least half-yearly basis) would be appropriate for the kind of project management and financial information currently being sought. It would also be less time consuming, more cost effective and generating less paper.

19. *Reporting on Disbursements:* Several issues hamper reporting effectively for the QOR such as the fact that UNDP and UNEP function under a different fiscal year from that of the GEF Secretariat and this causes a problem in financial reporting to the GEF. The result is that UNEP has to provide estimates for some of the reporting dates required by the GEF. In addition, there is the issue of reporting on disbursements versus expenditures, disbursements being the funds sent out by UNEP to the executing agency while expenditures are the funds actually spent by the executing entity/ies. UNEP has a problem in this respect that is unique to itself among the three GEF Implementing Agencies. For instance, while UNDP's national offices make direct payments for project expenses that they can report on, UNEP follows a different process that involves first a disbursement from the organization followed by expenditures by the executing agency. Depending on the number of intermediaries involved in project execution, there can be several levels of expenditure carried out. Since the GEF requires information that will help determine when a project actually starts and its pace of implementation,

it is recommended that UNEP instead reports first on disbursements and subsequently on expenditures. This procedure would greatly facilitate the work of task managers.

20. *Evaluating the impacts of the GEF:* An evaluation of the impacts of GEF projects should be done two to three years after project completion in order to determine the overall impact the GEF has had on the environment and to determining the sustainability of GEF activities.

21. *In-country coordination:* Experience has shown that insufficient coordination between government agencies in a given country has hampered the effective preparation and implementation of projects. In order to ensure adequate in-country coordination between government agencies, more attention needs to be given in the project design phase to help ensure that executing agencies take the respective actions needed to involve the appropriate agencies/entities that will have a stake in the project. In this regard, the GEF Operational Focal Points should be empowered to discharge their responsibilities.

22. *In-house project approval and management procedures:* Experience has shown that the internal UNEP project approval and management procedures that have been put in place have been streamlined and facilitate the pace of the project cycle.

CONCLUSIONS

23. UNEP's GEF PIR proved to be a useful exercise in identifying the common problems experienced in project development and implementation and in providing recommendations for removing these bottlenecks. The issues mentioned above will be discussed at the inter-agency PIR meeting and will be used in preparing the corporate PIR report to the GEF Council. It was, however, felt that while some of these problems have recently been identified, several of them have continued to manifest themselves since the Pilot Phase further hindering effective planning and implementation of GEF activities. A number of other issues that were raised in the PIR have resulted in direct recommendations to UNEP that will be discussed with its senior management in order to further enhance UNEP's performance in its GEF activities.

(\$267.6 million or 38 percent). Africa has become the fastest growing region in terms of new projects (5 new projects or 50 percent increase to the Africa portfolio), with Asia realizing the largest growth in new commitments (\$87 million or 48.2 percent increase).

7. Biodiversity remains the focal area with the greatest number of projects (34 projects or 45.3 percent) as well as highest value of commitments (\$286.3 million or 40.6 percent). Climate change is the fastest growing focal area in both number of projects and commitments.

PORTFOLIO PERFORMANCE

8. Of the approved projects, 1 IDB, 3 IFC and 60 Bank-managed GEF grants were effective as of end-June 1997. Forty-nine of the related projects have been under implementation for more than 12 months and are therefore included in the FY97 PIR Group.

DISBURSEMENTS

9. Aggregate disbursements during FY97 for all 60 effective Bank-managed grants totaled US\$74.5 million, representing an increase of 52 percent over cumulative disbursements at end-FY96. This is slightly less than FY96 aggregate disbursements (\$78.3 million). The disbursement ratio¹ continues to improve, reaching 18.9 percent compared with 17.9 percent in FY96. The disbursement ratio also compares favorably with the Bank's ratio which is 20 percent in FY97. Bank-managed GEF grants disbursed are equivalent to 33 percent of grant commitments, while disbursements are equivalent to 48 percent of commitments for the Bank's overall portfolio. The difference in the commitment ratios of the two portfolios is accounted for by the following: (1) growth in the Bank's portfolio has stabilized in terms of the number of projects, whereas the Bank-managed GEF portfolio continues to grow robustly (26 percent), (2) the Bank portfolio has experienced a substantial decline in commitments in both nominal and real terms, while the GEF portfolio is still realizing substantial growth in commitments (35 percent in nominal terms) and (3) total disbursements

rose substantially in the Bank portfolio, driven by an increase in disbursements for adjustment operations associated with debt restructuring. Adjustment operations are released in large tranches, rather than based on actual project expenditures as is the case with the GEF-supported investment operations.

10. The aggregate disbursement amount for the Bank-GEF portfolio totaled US\$75.6 million in FY97 compared to US\$ 84.4 million for FY96. The majority of projects are disbursing satisfactorily with overall performance improving over time. The decrease in nominal amount is largely attributable to a sizable proportion (24 percent) of the portfolio being comprised of projects that disburse with predictable large fluctuations due to (a) the tranching of release of funds to IFC (the Bank has disbursed to the IFC 2 or 3 times during project life), (b) up front release of the entire or substantial portion of the grant amount as is the case for conservation funds and (c) large-scale civil works or procurement of goods.

11. Experience to date with GEF 1 projects confirms the trend mentioned in the last PIR, namely that the average time for projects to become effective (i.e. begin disbursing) has been reduced from over 6 months for Pilot Phase operations to 3.6 months for GEF 1 operations. 59 percent of the GEF 1 projects were effective in 4 months or less, compared with 37 percent for the Bank's overall portfolio. Projects with severe start-up lags (initial disbursement delayed nine months or more) are now all disbursing; no project approved since FY95 has encountered this problem.

IMPLEMENTATION PERFORMANCE AND ACHIEVEMENT OF DEVELOPMENT OBJECTIVES

12. Ten of the 68 projects in the Bank-managed portfolio (representing 14.7 percent in terms of number of projects and 14.4 percent in terms of commitments) received unsatisfactory ratings for either IP, DO or both, and are thus included in the "problem projects" category. The corresponding percentage for FY97 for the Bank's overall portfolio is 18 percent in terms of number of projects and 15 percent in terms of commitment value. In the FY97 PIR group of 49 projects, eight of the Bank-managed and one IDB-managed project (22.5 percent in terms of number of projects) are designated as problem projects. This compares with one problem project in the FY96 PIR group (34 projects) and two in the FY95 PIR group (21 projects).

¹ The ratio of net disbursements during the year to the undisbursed balance at the beginning of that year. To avoid overstating performance, the Bank calculates the ratio by excluding Trust Fund projects (Bhutan Trust Fund, Peru Protected Areas Trust Fund, Uganda MBIFCT, Brazil Biodiversity Fund) that disburse their entire balances at the time of grant effectiveness.

19. *Information dissemination is a powerful catalyst to stakeholder buy-in.*

- Success of all demand side management programs in the climate change portfolio can be strongly linked to effective public awareness campaigns. In the Thailand Promotion of Electricity Energy Efficiency, considerable momentum has been created with the help of a public education campaign. For Poland Efficient Lighting, professional advertising and an educational campaign at school level have resulted in heightened public awareness and greater use of compact fluorescent lighting. Similar results were obtained for Mexico High Efficiency Lighting Project. In the Jamaica Demand Side Management Project, good community response is attributed to an NGO designed public awareness campaign that includes media coverage and school campaigns.
- Information distributed to communities strengthens both initial buy-in and sustainability for conservation projects. In Ghana, the Coastal Wetlands project distributed the results of bird and turtle studies to communities with a resulting increase in voluntary protection activities. The Belarus Biodiversity Project found that disseminating project results to communities enhances their sense of participation and thus support for the changes in conservation management practices that have been introduced: this is expected to translate into commitment in the longer term. Under GEPRENAF, very high stakeholder involvement is attributed to an informal campaign by local authorities.
- For the Jordan Gulf of Aqaba Project, a public awareness campaign on sound environmental practices has already shown results in changes in practice in the hotel community.
- A public information campaign in support of the Poland Coal-to-Gas conversion project has led to overwhelming expressions of interest from potential participants, surpassing all expectations.

20. *Project entities bringing together multiple stakeholders are effective in prioritizing actions and allocating resources (particularly in support of conservation) when backed by strong government commitment and adequate resources.*

- Evidence of this is seen in the group of conservation trust fund projects, most of which bring together government, private sector, NGO and community representatives. The Peru Protected Areas Trust Fund is now providing support to 14 parks and has been so successful in raising awareness and funds that the Government is considering expanding the fund concept to cover all environmental issues. The Peru and Uganda MBIFCT Funds, both with large civil society participation, have inspired donor interest and confidence in their ability to impact in ways government could not, leading to additional funding in the form of capital increases and complementary financing. The Bhutan Fund brings together many government stakeholders who are now strongly committed, but might never have focused on the importance of conservation without the creation of an endowment fund to provide a reliable source of financing for the long-term.
- A formal Steering Committee for the Congo Wildlands Project brings together government ministries, research institutes, NGOs and donors. While functioning effectively to ensure that field level activities under the project are making headway, the Committee is expected to evolve into a national oversight and policy-making body to achieve one of the Project's key institutional objectives.
- The Regional Committee under the Oil Pollution Management for the South Mediterranean Sea Project, is deemed to be a model of collaboration, as evidenced by the greatest progress having been achieved to date in the joint tri-national activities of the project.

21. *Alternative livelihood funds are an important component of programs aimed at changing community behavior in areas under threat.*

- These funds are critical to obtaining community buy-in when conservation activities are perceived to impact on household income.
- The Seychelles Biodiversity Conservation and Marine Pollution Project is one example where livelihood fund success is linked to beneficiary (in this case turtle shell artisans) involvement at the stage of fund design.