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Agenda Item 6 (c)

PROGRAM STUDIES

(Prepared by the GEF Office of Monitoring and Evaluation)

Recommended Council Decision

The Council, having reviewed the *GEF Office of Monitoring and Evaluation Executive Summaries of the Program Studies on Biodiversity, Climate Change and International Waters* document GEF/ME/C.24/2, requests the OPS3 team to take them, as well as the full documents (GEF/ME/C.24/Inf.1, Inf. 2 and Inf. 3), into full consideration when conducting their assessment and in the preparation of their final report. Furthermore, Council requests the GEF Office of Monitoring and Evaluation to prepare a more extensive presentation of these studies for discussion at the June 2005 Council meeting, taking into consideration the discussions at this Council meeting and the management responses.

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PRESENTATION OF GEF OFFICE OF MONITORING AND EVALUATION STUDIES ON GEF BIODIVERSITY, CLIMATE CHANGE AND INTERNATIONAL WATERS PROGRAMS

1. This document introduces Council to the executive summaries (attached to this document) and full reports (see GEF/ME/C.24/Inf.1; GEF/ME/C.24/Inf.2; and GEF/ME/C.24/Inf.3) of the recently completed reviews of the GEF Biodiversity, Climate Change and International Waters focal areas programs (“Program Studies”). Council should also be aware of the management responses prepared by the GEF Secretariat focal area teams in coordination with representatives of the GEF Implementation Agencies (see GEF/ME/C.24/7). Council is invited to review and comment on all of these documents.
2. Program studies are prepared every three or four years and constitute major inputs to the GEF Overall Performance Studies, the replenishment process and the GEF Assembly. The three studies presented in this document were conducted during the period September 2003 and July 2004 by staff from the GEF Office of Monitoring and Evaluation (GEFME) under the leadership of independent and external consultants. Technical members from the GEF Secretariat, GEF Implementing Agencies and GEF STAP provided comments to the study’s initiating memorandum and different drafts. The three studies used similar methodologies including extensive standardized in-depth projects reviews and cases studies, field visits to several countries to visit project sites and consult with national and local GEF stakeholders as well as extensive formal interviews and questionnaires used to survey representatives of major GEF partners.
3. The objective of the studies is to provide the GEF Council, the GEF Secretariat and the GEF focal area task forces and the public in general with an assessment of how the three GEF focal areas programs are performing and recommendations on how to continue their development. Specifically, the studies reviewed, assessed and reported on results in terms of outcomes and impacts to date, performance in terms of the strategies that contribute to these results and identified lessons learned and formulated recommendations.
4. The studies report notable contributions of GEF supported interventions to achieving global environmental benefits in the three focal areas. For example, the Biodiversity Program Study concluded that as the major financial resource for biodiversity conservation in developing countries, the GEF Biodiversity Program has contributed extensively to supporting biodiversity conservation in areas of global significance, including megabiodiversity countries and particularly through the GEF’s support to protected areas. The International Waters Study concluded that the GEF support has extended to almost every GEF-eligible large catchments and large marine ecosystem contributing to impressive achievements on new legal regimes, and basin and sea agreements, treaties and conventions. The Climate Change Study reports that the greatest progress on market transformations is in the energy efficiency portfolio. Furthermore, it was concluded that both Climate Change and Biodiversity programs have been responsive to most areas of their respective COP guidance.
5. On the other hand, the three studies report weaknesses in the three programs regarding program level indicators particularly to enable the measuring and reporting of impacts and

outcomes at an aggregated level. The studies also found that there is still very mixed and somewhat confusing expectations from different stakeholders regarding these programs. In the case of Biodiversity and Climate Change, the studies concluded that both programs lack fully developed strategic frameworks that includes a clear and rational mission/vision, at the program level (along with goals, objectives and targets) and defines the programs' place in the global and national contexts. Developing this type of vision will enhance synergies and cost-effective ways of delivering outcomes and impacts at the program level and not only at the strategic priority or operational program levels. Similarly, the International Waters study found that there is a lack of clarity on this focal area's operational program documents and concepts, tools and processes which generate difficulties for project design and implementation.

6. The Council will find in each of the Program Studies more specific findings and numerous recommendations ranging from improvements in the definition of GEF policy and mechanisms to maximize impacts and outcomes to recommendations on how to enhance project design, preparation and implementation.

CLIMATE CHANGE PROGRAM STUDY

BACKGROUND

1. The purpose of this Study is to provide an overall evaluation of the results and performance of the Global Environment Facility's (GEF's) Climate Change Program from its inception in 1991 through mid-2004. The Study will contribute to the third GEF Overall Performance Study, and serves as a guide to future strategic directions. It draws on information gathered from a comprehensive portfolio review; greenhouse gas (GHG) emission data and development statistics; and two in-depth project cluster reviews within energy efficiency and renewable energy. The analysis was enhanced by several implementing agency reviews, other GEF M&E reviews and select country visits.

2. The Study evaluated results in terms of outcomes and impacts, based on the mandated GEF catalytic role in promoting, by barrier removal, a primary outcome of market transformation that leads to the reduction or avoidance of GHG emissions. This primary outcome can be supported by contributory outcomes such as enabling policies, increased access to finance, adequate business/enterprise capability and infrastructure, and increased awareness and diffusion of technology and innovation. Performance is evaluated in terms of the strategies that contribute to these results. An important element of this Study is the identification of strategies that are effective in achieving market transformation and GHG reduction or avoidance.

THE INTERNATIONAL CONTEXT AND THE GEF

3. The GEF faces a **tremendous challenge** in its mandate to provide catalytic support for measures in developing countries that minimize climate change damage. There is a very large gap between what is required to address the problem and the current financial commitments that have been negotiated in the international arena. Poorer countries and communities are particularly vulnerable to the impacts of climate change. The United Nations Convention on Climate Change (UNFCCC) stipulates that "Parties should protect the climate system in accordance with their common but differentiated responsibilities and respective capabilities." While the wealthier countries, listed in Annex I, should take the lead in combating climate change, CO₂ emissions from fuel combustion in developing countries have increased considerably over the last decade (by 38.9%), resulting in a share of 40% of annual global emissions in 2000.

4. As the **financial mechanism** of the UNFCCC, the GEF supports developing countries mainly through long-term mitigation projects. It has also supported short-term response measures, some of which focus on carbon sequestration, and continues to support countries in fulfilling their Convention commitments through the preparation of 'national communications' on climate change. In response to recent UNFCCC Conference of Parties (COP) guidance, the GEF is also developing a pilot funding window for adaptation to climate change effects; introducing a new strategic approach to enhancing capacity building as free standing activities;

and paying increasing attention to synergies between focal areas. It has not, as yet, engaged programmatically in other international activities in the climate change arena, such as carbon trading, although its Implementing Agencies (IAs) have become active in facilitating carbon finance for GHG emission reduction projects.

5. The GEF Assembly, the Third GEF Trust Fund Replenishment process and the GEF Council, have made a number of **recommendations to enhance GEF performance**. They have called for a move towards greater results-orientation, and within climate change, a “shift from technology-based towards market-based approaches” (GEF Business Plan). To do so, seven Strategic Priorities will guide GEF programming from 2003 onwards. For a number of other initiatives, it is still uncertain how they will influence the Climate Change Program in the future; including the proposal of a Resource Allocation Framework (RAF); initiatives to make the internal GEF processes and systems more responsive and efficient, especially the project cycle; and exploration of knowledge management to promote strengthening and acceleration of cross-learning processes.

THE GEF CLIMATE CHANGE PORTFOLIO

6. The GEF has allocated 1.63 billion USD to climate change projects and activities since its official establishment in October 1991, representing close to a third of overall GEF program funding in this period. Many of the 207 full-and medium-sized projects have been approved recently; only 43 projects have been completed.

7. Subsequent to the GEF Pilot Phase (1991-1994), with its focus on technology demonstration, the GEF climate change portfolio has been managed within four **Operational Programs** (OPs). OP6, renewable energy (RE) accounts for the largest part of the portfolio and currently represents 44% of active project allocations. About a third of projects fall within OP5, energy efficiency (EE). OP11 on environment-friendly transport, formally established by the GEF Council only in 2001, and OP 7, which aims to reduce the long-term costs of low greenhouse gas emitting energy technologies, have not yet developed into sizeable programs. A total of 269 Enabling Activities (EAs), with 11% of the resources, facilitate implementation of effective climate change response measures and preparation of National Communications.

8. The great diversity of the GEF climate change portfolio is best illustrated by the range of **project clusters** and their evolution over time, although a coherent, consistent categorization of clusters is not available. Projects aiming for electrification through renewable energy is the largest group, followed by projects promoting energy efficient products or markets. There are also a number of projects aiming for productive uses of RE, including co-generation of electricity, and in the later years, a growing trend towards stimulating RE products and markets. A smaller group of EE projects aim to develop financial mechanisms or support public energy efficiency. The different clusters have experienced considerable fluctuations in size over time. Although programming decisions shift over time, for example more emphasis on EE financing mechanisms or RE for productive purposes, this is not always obvious in the portfolio project data.

9. Pro-active future planning for the climate change portfolio is difficult. The new Strategic Priorities are likely to encourage a more focused portfolio from 2004 onwards, but it remains unclear how to treat the overlap of Strategic Priorities in overall market transformation and barrier removal.

OVERALL RESULTS AND PERFORMANCE

Market Transformation

10. The GEF is mandated a catalytic role in promoting, by barrier removal, the primary outcome of market transformation that leads to the long-term reduction or avoidance of GHG emissions. This catalytic effect can be gauged by how successfully the GEF barrier removal strategies lead to replication. Market transformation is a long-term challenge and a dynamic process - and is starting to become evident in the GEF Climate Change Program. The greatest progress has been made within the **energy efficiency (EE)** portfolio, where achievements can be observed in specific countries and sectors, such as financial markets in Hungary; energy efficient appliances and products in Mexico and Poland, and industrial boiler conversion in China. For many evolving markets, GEF can be seen to help drive changes forward.

11. The experience of the **renewable energy (RE)** cluster is more mixed, as the GEF is often trying to develop markets from a much lower baseline. Renewable energy remains, in general, more expensive and less accessible than traditional fossil-fuel based energy sources, despite sustained efforts at volume increases and market aggregation. Nevertheless, GEF has contributed to emerging market changes in specific energy sectors in specific countries, such as for mini-hydro energy in Sri Lanka and the wind market in India. Although photovoltaics are not yet affordable by major target groups – particularly, the rural poor in Africa - some PV-oriented projects have been successful in niche market areas such as clinics, schools, and where households have adequate levels of disposable income. Global market aggregation of specific renewable technologies, as envisaged in Operational Program 7, lies far in future.

GHG Impact

12. The portfolio has suffered from mixed and unclear expectations on how to address the trade-off between long-term catalytic market transformation and immediate GHG impacts. Nevertheless, most of the long-term barrier removal mitigation projects also have GHG targets and achievements. The performance of the GEF portfolio overall in avoiding GHG emissions is **satisfactory**. It has brought about considerable GHG reductions, at relatively total low incremental costs. For 27 closed projects, estimated avoided emissions amount to 224 mt CO₂ at an incremental cost of 194 million USD.

13. While GHG impacts do not capture the full range and complexity of outcomes from GEF climate change projects, they provide insights into which program strategies and target areas have the **potential to yield greater effect**. Some parts of the portfolio, such as energy efficiency and STRMs, are better at producing immediate GHG impacts. On the other hand, those individual projects most responsible for high achievements in GHG avoidance may have little potential for replication or sustained barrier removal. In future, the 104 active full- and medium-

size projects are collectively intended to enable more 1.74 billion metric tons of CO₂ avoidance over 10-30 years.

14. **The availability and quality of portfolio data** on greenhouse gases leave much to be desired. Although the data quality has improved in later years, there is considerable room for further improvement to address lack of targets or estimates; unrealistic estimates, especially for replication estimates; and vague or unavailable data. The GEF has missed out on an opportunity to provide timely guidance on GHG potential, that could save time and effort for all parties involved in project design and implementation. A coherent, pragmatic and GEF-wide methodology on GHG estimates is urgently needed; it has been discussed in the Climate Change Task Force for some time. This Study points to the need for such guidance to be comprehensive, i.e. cover the range of technologies and clusters and the GHG reduction or avoidance calculation method and factors to be used. The systems and approaches to monitoring, reporting and measurement of GHG impact also need improvements, and should be based on the GHG methodology.

Effectiveness of GEF Strategies

15. Within the GEF Climate Change Program, a combination of favorable external circumstances, appropriate choice of project strategies, good and flexible implementation and adequate GEF resources have contributed to the removal of barriers and have facilitated significant investments in sustainable energy technologies and programs. Projects are more successful when they have a clear concept of market development; know which market they wish to transform and which market barriers have to be overcome; have a well-defined target group; are based on a “minimum” level of existing market development; and receive sufficient and sustained support.

16. The overall **policy** environment, and power sector reform and regulatory frameworks in particular, are crucial for more widespread and sustainable applications of renewable energy and energy efficiency. A number of GEF projects have contributed directly to the development of renewable energy policies by drafting or revising national renewable energy strategies and action plans, and GEF projects have been successful in the development of EE and RE standards, testing, certification and labelling, vitally important to improve quality, reliability and consumer acceptance. However, there are as yet insufficient examples of GEF projects seizing opportunities for new regulatory frameworks, financial instruments and institutional mechanisms within power sector reform.

17. The GEF has longer experience in supporting **access to finance** for renewable energy and energy efficiency. The range of finance models promoted within OP5 are more sophisticated. In OP6, the effectiveness of financial mechanisms has often been tempered by problems of affordability, and there is room for more experimentation. Many EE projects are now successfully incorporating financing components that make use of partial guarantees and other innovative financial instruments, depending on the specific context and set of market barriers being addressed. Experience in this area has been captured systematically in an excellent practitioners handbook by the World Bank. The same needs to be done in other GEF climate change cluster areas.

18. In all cases, the need for finance is accompanied by the need for technical assistance to support **business infrastructure** in RE and EE project development. The GEF RE portfolio has explored different business models suitable for rural electrification, with a trend away from fee-for-service to sales models. More still needs to be known about the degree to which sales models provide effective after-sales maintenance and service. Fee-for-service models have a number of potential advantages, especially for poorer households and it is hoped that the GEF will continue to explore this model. Within EE, energy service companies (ESCO) development is still a challenge, but complementary business models - not full-service ESCOs - are possible in underdeveloped markets. There is also need for better integration of GEF projects with country small scale enterprise support programs.

19. Recent renewable energy projects envisage a broader range of technologies and a greater focus on market development, but programmatic learning from these projects is not yet evident in the portfolio. More experimentation and systematic **learning** is needed, in particular to develop a clearer set of GEF conclusions on PV that could shape future strategic choices for this technology, and in new areas such as RE for productive purposes. Within EE, the potential for energy savings and GHG reductions is immense, and the GEF may put its catalytic and innovative role to good use by disseminating and replicating its successful strategies in other circumstances.

20. Finally, well-designed strategies have to be put into effect by competent and dynamic implementation. The habitual delays in GEF project process have particularly severe effects for climate change projects since the projects address rapidly changing markets. GEF projects are often not well equipped to respond strategically and quickly to new policy or market opportunities. GEF work to remove market barriers could be made more effective with clear targeting of sectors and users, correctly balancing and prioritizing barriers, and systematic coordination between projects.

Strategic Response

21. The GEF has positioned itself strategically to add value in response to global climate change concerns, national needs and changes in national development contexts, in three ways. Firstly, the GEF has been fully responsive to its mandate as defined by the **UNFCCC and guidance** from successive COPs and has performed its role effectively. The Conference of Parties to the Convention has been closely involved in major strategic decisions regarding the GEF. The question of whether the guidance has been helpful in defining a clear niche for the GEF is more open. This Study seconds the recent study commissioned by the UNFCCC on capacity building which recommended that “Overall guidance, such as that provided by the UNFCCC framework, should be complemented by a more precise, country-specific definition of needs and priorities.”

22. Secondly, to what extent has the GEF focused its activities in countries where it is able to maximize impact? GEF climate change **allocations** are distributed across nearly all eligible countries and those countries with the highest GHG emissions receive the most funding. In this broad sense, the GEF climate change portfolio is responsive to country needs. However, the

pattern does conceal considerable disparities in allocations and focus – both in terms of low potential for maximizing replication effects and missed mitigation opportunities. While there may be good reasons for some countries receiving disproportional allocations in terms of emission reduction potential or not having a significant portfolio, GEF allocations in medium and low emitting GHG countries do not, in general, reveal any evidence of strategic choice.

23. Thirdly, the current system has led to cases of inconsistent **programmatic focus** *within* countries where the GEF is not consistently addressing the *major* climate change needs, even in countries with considerable potential for benefits. National Communications have, in general, not been valuable in guiding GEF country programming, nor do the agency country programs easily establish GEF priorities. Similar concerns can be raised on the strategic focus and alignment in the composition of the GEF project portfolio. The great diversity in the climate change focal area is also reflected in the portfolio *across* focal areas and countries, with the consequence that the portfolio has had difficulties in reaching a critical mass that helps generate overall results and maximize learning within groups of projects.

FINDINGS AND RECOMMENDATIONS

24. The Global Environment Facility has an important role to play in the worldwide efforts to combat climate change. As the financial mechanism for the United Nations Framework Convention for Climate Change, GEF has made a significant contribution to both mitigation efforts and capacity building in developing countries.

25. However, with time GEF has met with increasing expectations with regard to its role and mandate in climate change, so that the linkages between GEF's overall mission or goals, its strategic priorities, Operational Programs, project clusters, and performance measurement indicators are **no longer conceptually clear** nor are they entirely consistent. A more coherent way of formulating GEF's strategic framework would be to make explicit GEF's overarching goal as the removal of market barriers and sustainable market transformation for energy savings or clean technology applications that achieve reduced or avoided GHG emissions. Market transformation outcomes that contribute to this goal are enabling policies, available finance, adequate business infrastructure, information and awareness, appropriate technology and adequate capacity. And GEF strategic priorities could be those strategies that contribute to these market transformation outcomes and associated GHG impacts.

26. Nevertheless, the GEF has performed a credible job in responding to country needs in climate change in the eligible countries, through a complex array of approaches and strategies. However, the current dispersion of the GEF portfolio does not favor extensive replication and market transformation, and reflects cases of missed opportunities in terms of **potential impact**. The climate change portfolio has by now reached a scope that is, for the most part, sufficient to identify successful project strategies and conditions; this should allow strategic choice of areas - both geographically and operational - that hold most promise of impact on market transformation, barrier removal, and replication for greenhouse gas emissions reductions. Any strategic framework, while focused, must contain sufficient flexibility to incorporate innovation and important country-specific circumstances.

27. Because of the diversity in project clusters within climate change, the challenges to effective learning are great, and at the same time, a success factor for replication and market transformation. The Climate Change Program has benefited from some very good **knowledge sharing** initiatives, but could further improve with better communication on GEF priorities especially at the formulation stage; more exchange within clusters during implementation; and active work with projects to extract portfolio-wide experiences and lessons learned for groups of projects. Without such systematic learning, the GEF innovation and replication will be less effective.

28. Active knowledge sharing must be supported by **monitoring and evaluation** systems. Improvements are needed in systems to monitor and evaluate qualitative results such as market transformation, replication and barrier removal. Although the data quality has improved in later years, the current quality and availability of GHG targets, estimates, calculations, reporting, monitoring and evaluation are still not satisfactory. To assess performance, guidance would be useful on the relative importance of immediate GHG impacts versus longer-term cumulative results on sustainable market transformation.

29. Finally, the GEF Climate Change Program has also been influenced by some **implementation issues**. In particular, the long and cumbersome project approval process seem to yield diminishing returns in terms of quality projects since projects are still likely to run into further delays and difficulties during implementation. A project-by-project approval system at GEF Council level was likely appropriate in earlier times, but cannot be sustained efficiently with the current volume of projects. The Study finds that there are currently no effective mechanisms for managing and monitoring the progress of the climate change portfolio as a whole.

30. With the above findings in mind, the Study makes the following recommendations:

- (1) *The GEF Secretariat should take the lead in improving overall strategic coherence by clarifying the overarching goal of market transformation outcomes that contribute to GHG emissions reduction or avoidance, and the manner in which existing Operational Programs and associated strategies contribute to this overall goal.*

The GEF should retain its four Operational Programs (OPs) as the basic programming pillars of its Climate Change Program. Within this framework, issues which require greater clarification include: (a) what is understood by barrier removal and market transformation; (b) broad overall desired outcomes and associated market transformation strategies for each OP; (c) identification of priority project clusters and strategic priorities within each OP; and (d) how to monitor and assess strategies (performance) and outcomes/impacts (results) in a conceptually clear and logically consistent framework. The strategic framework needs to be kept current by judiciously debating GEF support options and emerging trends, adjusting strategic priorities in a transparent manner and communicating the evolving GEF agenda to stakeholders.

- (2) *The GEF should improve strategic choice and resource allocation within its Climate Change Program, in order to ensure that the bulk of the portfolio is directed towards mitigation efforts in countries with relatively higher levels of GHG emissions and market transformation potential. For countries with significant GEF portfolios, integrated GEF country strategies need to be developed; smaller portfolios require, at least, explicit priorities.*

The GEF Climate Change Program is not so extensive as to require an administratively complex financial entitlement system; it is important that GEF retains flexibility in order to respond to opportunities where they arise.

- (3) *The GEF Secretariat should provide explicit guidance regarding the realistic calculation of GHG avoidance or reduction in project design and implementation and the manner in which impacts should be monitored and reported.*

This should include clear and comprehensive guidelines and methodologies for calculating and estimating GHG impacts for various technologies and various assumptions, and serve to establish realistic expectations and goals for the portfolio. The GEF Secretariat should be provided with additional resources to implement and maintain improved M&E and data management systems in this area.

- (4) *The GEF Secretariat, together with the Implementing Agencies and assisted by GEFME and STAP, should develop a strategic and pragmatic approach to capturing and sharing information and knowledge within the climate change area, both among projects and between headquarters' and the field and supported by electronic knowledge systems.*
- (5) *The GEFME should provide support to the suggested task of improving the strategic coherence of the climate change program by providing guidance, tools and indicators for assessing GHG impacts, market transformation outcomes and the effectiveness of associated strategies in specific Operational Programs and priority areas.*
- (6) *The GEF should move towards a greater decentralization in project-by-project approvals, based on clear design principles for climate change project cluster types and a focus on results.*

Such principles need not be prescriptive or narrow so as to limit innovation, but should rather reflect lessons learned from the portfolio and elsewhere and help to facilitate analysis during the project design process. This should be coupled with a more active management of the portfolio as a whole, through the Climate Change Task Force, led by the GEF Climate Change Team. The purpose is to support the progress of the Climate Change Program by sharing knowledge, facilitating a timely decision-making process and communicating transparently with stakeholders.

In order to maximize its impact and reach its potential as a strategic partner for developing countries and a more effective agent at the global level, the GEF faces challenges in ensuring programmatic and strategic coherence and solving the conundrum of renewable energy. The GEF financial contribution, although not negligible, can not by itself generate the all changes the stakeholders desire within climate change. Its future success depends on the GEF's ability to maximize the generation and use of ideas and knowledge from experience, innovation and risk-taking to promote behavioral change.

¹ Technical paper on the range and effectiveness of capacity-building in developing countries relating to decision 2/CP.7, UNFCCC/Groupe-Conseil Baastel Ltée, April 2004.

ANNEX 2

INTERNATIONAL WATERS PROGRAM STUDY

1. The present study of the GEF's International Waters Focal Area is a contribution towards the Third Study of GEF's Overall Performance (OPS3). It was conducted between February and July 2004 by a team of experienced international specialists on the basis of a review of previous evaluations (at the project and programme level), questionnaires to all current projects, and field visits to four geographical regions and to a number of global demonstration projects. The study regions selected, the Black Sea (and Danube) Basin, the Plata Basin, the African Great Lakes, and part of the East Asian Seas, jointly comprise over half of the US\$691.59 millions GEF funding invested in the Focal Area to date. An evaluation of the Transboundary Diagnostic Analysis and Strategic Action Programme (TDA/SAP) tools used by the 'foundational' projects of the portfolio was also conducted.

2. The major objectives of the study were:

- An assessment of the impacts and results of the IW focal area to the protection of transboundary water ecosystems,
- An assessment of the approaches, strategies and tools by which results were achieved, and
- Identification of lessons learned and formulation of recommendations to improve GEF IW operations.

3. Case studies were examined according to seven criteria: coherent, transparent and practicable design; achievement of global benefits; country ownership and stakeholder involvement; replication and catalysis; cost effectiveness and leverage; institutional sustainability; and incorporation of monitoring and evaluation procedures. A number of generic lessons were derived from the detailed analysis of the various studies. Four overarching operational recommendations were also made.

4. The IW portfolio now extends to almost every GEF-eligible large catchment and large marine ecosystem. The study revealed an impressive portfolio of well-managed GEF-IW interventions and there is increasing success at leveraging collateral funding, including investments. The leveraging ratio is currently 1:2 and the total portfolio exceeds US\$2 billions, evincing the largest effort in history to support sustainable use and protection of transboundary waters. This task has not diminished in its global relevance; on the contrary, water issues have grown in significance in policy statements such as the Millennium Goals, the Johannesburg Declaration and the targets set by the Commission for Sustainable Development. We present clear evidence that the IW Focal Area is contributing to the enhancement of regional security, another role that can only increase in importance with time.

5. The GEF IW Focal Area has already generated some impressive achievements including new policy tools such as the legal regime for avoiding the transfer of opportunistic species in ship's ballast water; the Caspian Sea Convention, Dnipro Basin Agreement, the Protocol for Sustainable Development of Lake Victoria Basin, Lake Ohrid Treaty and the Pacific Tuna Treaty

(the first under the 1995 Fish Stocks Agreement). It provided the practical support necessary for actions such as successfully combating water hyacinth overgrowth of Lake Victoria, the creation of protected areas as part of several integrated management projects, capacity building for hundreds of public officials world-wide and opportunities for NGOs to assume a greater role in resource management. Most of its work is not spectacular however; it is the vital ‘groundwork’ behind sustainable development: providing evidence, developing strategies and innovative solutions, improving awareness, promoting stakeholder dialogue, helping to build new institutions, testing new approaches through demonstration projects and creating opportunities for investment. This is a gradual process of stepwise change towards shared goals and progress is often difficult to assess. The central paradigm is best summarised with the quote (M&E Working Paper 10): *The GEF international waters operational strategy aims at assisting countries to jointly undertake a series of processes with progressive commitments to action and instilling a philosophy of adaptive management. Further, it seeks to simplify complex situations into manageable components for action.*

6. We paid special regard to examining the overall performance (measured by outputs and outcomes) of projects classified as ‘foundational’, ‘demonstration’, or SAP implementation. Progress on foundational project was encouraging and there have been clear improvements between each iteration of the TDA/SAP (Transboundary Diagnostic Analysis/ Strategic Action Program) process. Difficulties sometimes occur when projects make a poor distinction between global and local benefits, do not identify social and economic root causes of transboundary problems or fail to identify and incorporate stakeholders. A particularly difficult challenge has been the development of sustainable transboundary institutional mechanisms and inter-ministry committees at a national level with the high level participation of all relevant sectors.

7. Demonstration activities have been very successful in generating local participation and ‘home grown’ solutions to problems. The GEF-IW Focal Area has over ten years experience in their development and growing success in replication (indeed there are now examples of self-financed demonstration projects). The early success of one of the global demonstration projects (GloBallast) to catalyse an international agreement is a particularly noteworthy achievement. There are some limitations with the approach: attempts to upscale demonstration projects have met with difficulties as each scale requires a different solution and policy framework. We conclude that projects combining demonstration and strategic planning (TDA/SAP) activities are most likely to succeed; they maintain stakeholder confidence whilst endeavouring to ensure longer-term sustainability of local and global benefits.

8. Of the SAP implementation projects, we paid special attention to the Black Sea Strategic Partnership, a concerted attempt to integrate the comparative advantages of all IAs and counterpart donors in order to prevent the return of devastating eutrophication to the Black Sea during the economic recovery of countries in its basin. The partnership has generated over US\$110 million grant funds and leveraged at least three times as much in investment. Its first phase has resulted in a number of very successful large demonstration projects that are incremental to national development initiatives (e.g. agricultural reform). One difficulty that should be corrected at the forthcoming regional stocktaking meeting is that the initial partnership concept underestimated the interagency coordination needs and the measures required to

enhance government buy-in to joint institutional arrangements in the Black Sea. This has led to some fragmentation of the overall effort and diminished momentum.

9. Interagency coordination was examined closely in the current study. There is evidence of steady improvement of Implementing Agency (IA) cooperation within projects (some 20% of all new full-sized projects are co-implemented). We noted continued shortcomings in regional cooperation between projects in all case study regions, particularly between IAs and between Focal Areas. The apparently large differences between IAs in the time taken to develop and negotiate full-sized projects from PDF-B signature to CEO endorsement, also merits further study.

10. A significant number of project staff and stakeholders demonstrated insufficient knowledge of the concepts, processes and tools that give the GEF IW Focal Area its unique role. Ambiguities remain in the descriptions of Operational Programs and the language and terminology used is not readily accessible. We noted criticism that mechanisms for project analysis and approval are insufficiently transparent. Many mid-term and final evaluations also commented on overambitious and excessively complex Project Documents. We consider that most of the above points can be improved with stronger supervision combined with clearer documentation and its use for management training.

11. Articulation of adaptive management requires robust indicators of environmental and socio-economic status, stress reduction and process. Process indicators are particularly important for monitoring and evaluation but more work is needed to strengthen the current indicators to make them more coherent and objective.

12. We have examined the implementation of recommendations from the previous study. We estimate that about half of the 15 recommendations have been implemented (most have been at least partially implemented). The pending recommendations (these focus on clarification of procedures, M&E, and supervision) have been rolled into our own recommendations outlined below.

13. We register our concern that the supervisory capacity of the IAs, Executing Agencies, GEF Secretariat and IWTF has not increased in proportion to the magnitude and complexity of the IW Focal Area. We strongly recommend an independent review of this situation with a view to proposing a revision of the current 9% cap on management costs.

14. In order to address the issues identified in the study, we have made four overarching recommendations indicated below and fully detailed in the report. In addition, we identified key lessons learned and we recommend their analysis by the IWTF.

- (1) **The production and use of an accessible GEF International Waters Focal Area manual** to clarify the concepts, tools and processes that are giving rise to recurrent difficulties for project design and implementation.

- (2) **To develop a comprehensive M&E system for IW projects** that ensures an integrated system for information gathering and assessment throughout the lifespan of a project.
- (3) **The incorporation of a regional level coordination mechanism for IW projects.** This would be: (1) to increase the synergies between IW projects within defined natural boundaries and their focus on global benefits; (2) to enable communication and coordination with relevant projects in other focal areas; (3) to enhance feedback between projects and the IW Task Force; and (4) to facilitate implementation of the M&E strategy at the regional level.
- (4) **The redefinition of the GEF International Waters Task Force** in order to enhance its role in the definition of technical guidelines and policies, ensure the optimum use of comparative advantages of the Implementing Agencies within each intervention and also examine the selection of Executing Agency in accordance with agreed criteria.

1. BIODIVERSITY PROGRAM STUDY

2. EVALUATION FRAMEWORK

1. This report presents the findings, conclusions, and recommendations of the review of the GEF Biodiversity Program by the Global Environment Facility Monitoring and Evaluation (GEFM&E) Unit. Like the other GEF focal area programs, this program is evaluated every three to four years and constitutes a major input to the Overall Performance Studies, the GEF replenishment process, and the GEF Assembly. The Biodiversity Program Study 2004 (BPS2004) was conducted between September 2003 and June 2004 by staff from GEFM&E Unit with an independent biodiversity expert as the lead consultant. Other external consultants contributed to specific portions of the study. In addition, members of the biodiversity technical staff from the GEF Secretariat, representatives of the three GEF Implementing Agencies (IAs), and members of the GEF Scientific and Technical Advisory Panel provided comments to the study's initiating memorandum and different drafts and prepared technical inputs to particular areas of the assessment.

2. For the purpose of this study, the GEF Biodiversity Program is defined as the GEF Biodiversity Portfolio (all projects approved by GEF Council, on-going and completed) plus the GEF Biodiversity Operational Programs and Strategies as well as the GEF guiding principles and the GEFM&E policies and procedures in the context of the GEF biodiversity focal area, as of June 30, 2003.

3. The objective of the study is to provide the GEF Council, the GEF Secretariat and its Biodiversity Team, the GEF Biodiversity Task Force, and the general biodiversity community with an assessment of how the GEF Biodiversity Program is performing and recommendations on how to continue its development. In addition, the study also provides information on how the GEF implements its biodiversity focal area, discusses the difficulties in measuring achievements and impacts in this focal area, and presents some ideas on the way forward.

4. Specifically, the study reviews, assesses, and reports on the GEF Biodiversity Program's:

- Performance, achievements and impacts to date
- Progress in implementing key recommendations from the Second Overall Performance Study (OPS2) and the first Biodiversity Program Study (BPS2001)
- Responsiveness, follow-up, and feedback to guidance from the Convention on Biological Diversity (CBD) to the GEF
- Application of the GEF's primary operational or guiding principles within the context of the GEF Biodiversity Program
- Challenges in delivering in these areas.

5. In aiming to improve on performance extensive recommendations are provided, throughout the report, in relation to the shortcomings identified.¹ The Executive Summary highlights only those that are considered fundamental and requiring immediate action.

6. In most program evaluations, the strategy or logical framework of the program under review is used as the primary basis for assessment—judging performance, achievements, and impacts against measurable targets and stated objectives. In the case of BPS2004, it was necessary to establish a retrospective logical framework to assist in the review. This framework, depicted in Figure 1.1, Chapter 1, presents the different levels of assessment, from activities to outputs to outcomes to program goals and their contributions to the goal, objectives, and targets of the CBD. This logic was “retrofitted” over the portfolio, providing a basis for structured and objective assessment, and is applied throughout the report.

The BPS2004, by design, focuses on the higher levels of the logical framework, specifically, the GEF Biodiversity Program’s *achievement of outcomes* and its *progress towards attaining the impacts sought as contributions to the goal, objectives, and targets of the CBD.*

7. The study conducted standardized, in-depth reviews of 99 full- and medium-sized projects that were under implementation and beyond their midpoint as of June 30, 2003, and 42 projects that were completed during the last 3 fiscal years. Reference was made to the full GEF biodiversity portfolio (604 projects approved by Council from 1991 through 2003) and the GEF Small Grants Programme (SGP) portfolio in specific components of the evaluation. The sources of information used for the study included existing program and project-level reports prepared by the GEF M&E Unit and the IAs as well as extensive formal interviews and questionnaires used to survey representatives of major GEF partners. Although a well-attended, open consultation was held at the CBD’s Seventh Conference of the Parties in Kuala Lumpur (February 2004), it was not possible to conduct in-depth or representative consultations with GEF government focal points and recipient governments given the inherent difficulty in doing so and the limited financial resources available for the study. In fact, those participating in this study agreed that the resources available for the review were not adequate for the job at hand. When evaluating a portfolio operating over more than a decade and valued at over \$1.7 billion, greater consideration should have been given to the design and execution of the exercise, most notably the provision of more time and greater resources, in order to better assess both the breadth and depth of the program.

8. The report is divided into 10 chapters and a series of annexes. Following on from the introductory chapter, which describes the objectives, scope, and methodology of BPS2004, Chapter 2 sets the context in which the GEF Biodiversity Program operates, in terms of the current state of the world’s biodiversity, along with a brief overview of the GEF mandate. Chapter 3 presents a profile of the portfolio of projects in the GEF Biodiversity Program in terms of the distribution of financial investments to date. Chapter 4 explores the responsiveness of the GEF, as a partnership, to guidance from the CBD provided roughly every 2 years at meetings of

¹ For ease of reference, all recommendations are presented by chapter and level of implementation priority in a table at the end of this Executive Summary.

the Conference of the Parties (COPs). Chapter 5 reviews the GEF project cycle and describes how the Biodiversity Program is currently administered. Chapter 6 explores the culture and processes of institutional learning in the GEF partnership. Chapter 7 provides an assessment of program outcomes, including a review of GEF support to conservation, primarily through its contributions to protected areas, the sustainable use of biological resources, access to benefit sharing arising from the use of genetic resources and the enabling environment in which the GEF interventions are implemented, as well as other areas of investment such as the SGP, taxonomy, invasive alien species, and agrobiodiversity. The GEF functions under several guiding principles; Chapter 8 presents an assessment of how well these guiding principles have been applied in the context of the Biodiversity Program, in particular focusing on the various dimensions of sustainability of projects and program outcomes and impacts.

9. One of the main issues the study explores is the contribution of the GEF Biodiversity Program to improving the status of global biodiversity—its impact. It was reasonably assumed that now, after more than a decade in operation, the GEF Biodiversity Program should be starting to report measurable progress to the status of global biodiversity as a result of its interventions. Chapter 9 presents the study’s assessment of progress. Finally, the report looks at the challenges ahead for the GEF Biodiversity Program in the build-up to negotiations for the fourth replenishment of the GEF Trust Fund.

NOTABLE ACHIEVEMENTS AND SHORTCOMINGS TO DATE

10. The study found that the GEF Biodiversity Program has made notable contributions to conservation and sustainable use, supporting and enabling positive changes in the behavior or activities of people and their subsequent affects on biodiversity. In particular, the study concludes that, as the major financial resource for biodiversity conservation in developing countries, the GEF Biodiversity Program has contributed extensively to supporting biodiversity conservation in areas of global significance, including the megabiodiversity countries. The GEF support to protected areas has been steadfast and unprecedented. Furthermore, the GEF has also contributed to improving the enabling environments in which biodiversity conservation and sustainable use occurs. The extensive portfolio of projects, including the SGP, and the recently approved Biodiversity Strategic Priorities, have been responsive to the guidance from CBD, recommendations from OPS2, and the third replenishment of the GEF.

11. The Biodiversity Program portfolio represents a rich tapestry of actions and accomplishments and, given the limitations of time and resources, a study of this nature could never do it justice in its entirety. Inevitably, a study at the broad program level cannot explore particular issues in depth nor can it highlight all the innovations, adaptive responses to lessons learned, or unique contributions occurring at the individual project level. Nonetheless, within the constraints imposed, the findings presented are believed to represent a fair and standardized overview. The progress to date, including achievements and shortcomings, is presented in greater detail within the report and summarized in the following paragraphs.
Acting as the major player in financing biodiversity conservation

12. The GEF is very likely the world’s largest government-funded mechanism for biodiversity conservation for developing countries. From its inception in 1991 to the present, the

GEF has provided \$1.7 billion in direct funding support to projects and accessed approximately \$3.3 billion in co-financing.

Supporting Mega Biodiversity Countries

13. Though prioritizing funding to the megabiodiversity countries (15 countries estimated to hold approximately 70% of the world's biodiversity) has not been a stated policy of the GEF Biodiversity Program, these countries have received a large proportion of the GEF's resources for biodiversity conservation. The ten countries receiving the largest amounts of GEF Biodiversity Program funds are all megadiverse countries, and the total amount received by these 10 countries equals approximately one-third of the total GEF Biodiversity portfolio.

Supporting Areas of Global Significance to Conserving Biodiversity

14. GEF projects have contributed resources to sites that are designated as "globally significant" including those in internationally recognized listings such as World Heritage sites, Man and the Biosphere Reserves (MAB), and Ramsar sites. Fifty-three GEF projects have supported World Heritage sites, and because some projects have addressed more than one site, 62 World Heritage sites are included in GEF projects, representing approximately 55% of World Heritage sites eligible for GEF support. Sixty-five GEF-funded projects have included MAB sites, with 106 sites included in these projects (approximately 40% of MAB sites). Similarly, 65 GEF-funded projects have contributed to Ramsar sites, with 90 sites overall included in these projects.

Responding to the CBD and OPS2

15. The GEF has been responsive to most areas of COP guidance, providing financing for biodiversity initiatives in many sectors and countries around the world over a significant period of time. Support has been particularly strong for guidance on forest, marine and coastal, drylands, and mountain ecosystems; capacity building (including in biosafety); enabling activities (including production of national reports); invasive alien species; and Article 8(j). However, increased responsiveness is still needed for: implementing effective incentive measures, implementing national plans and strategies, developing indicators, establishing and monitoring baselines to measure changes in the status of biodiversity over time, and establishing mechanisms for promoting the sustainability of project outcomes, among others. The recently approved Biodiversity Strategic Priorities are a positive move forward in the GEF's responsiveness to recommendations and gaps identified by OPS2 and the Second CBD Review. Interestingly, the study found that those consulted in the biodiversity community did not fully understand how the GEF prioritizes its response to guidance from the COP, implying the need for further action in communicating these processes to a wider audience.

Processing Projects

16. The study reviews in detail the processing of GEF biodiversity projects and highlights the complexity of steps along the way to accessing GEF funds, including the many potential places

where delays and bottlenecks can occur. On average it takes almost 5 years to process a full-sized project (FSP) from entry into the GEF pipeline to the start of implementation; a medium-sized project (MSP) takes 2 years. This is a lengthy process that presents major challenges to the more sophisticated and better-resourced governments and NGOs and those with less capacity alike. The transaction costs, involving years of institutional front-loading of technical and administrative resources, can be almost too much for an organization to bear, even in cases where they are receiving project development funds from the GEF. In addition and recognizing the limitations of the data available for this and other possible analyses, the study recommends standardized data tracking and reporting systems and a comparison study with other similar organizations on the duration of project processing.

17. Many projects suffer from overly simple or inaccurate assessments of the external constraints and the degree of risk is not properly gauged from the outset. Additionally, the potentially lengthy period from pipeline entry to implementation can mean that external factors and key assumptions may have changed dramatically in the interim. GEF projects have shown a tendency to be overly complex, including too many discrete activities, which often result in a lack of clarity regarding the linkage to higher level project objectives. The issue of unrealistic time frames and overly ambitious project scopes have been highlighted in previous reports, and modifying the current funding process may be the only way to better balance project budgeting and duration with the absorption capacities of executing agencies as produce more tangible progress in achieving outcomes and impacts. With the current project design approach, it is most likely that while many outputs, along with some outcomes, will be achieved, most projects will fall short of making the longer term project level impacts they seek.

18. It is widely felt that the process for accessing GEF funds remains complex, heavily laden with transaction costs, and highly confusing to the average applicant. The lengthy and complex GEF funding process—from pipeline entry to GEF Council approval—places a burden on the staff responsible for processing GEF funds at all levels. Added to this are the unique and often complex internal policies and procedures of the IAs. One tool suggested to help address this is an online project tracking system, whereby project proponents could follow the status of proposals. The study also found high levels of ignorance among partners and stakeholders with regard to implementation of the GEF Biodiversity Program; implementers generally find it difficult to separate the rules and procedures of the three IAs from those of the GEF, especially with regard to financial procedures and reporting requirements.

19. There continues to be a good deal of confusion over M&E. While M&E must take place at all levels along the project continuum, some projects refer to M&E primarily as it pertains to their activities and outputs, and there is no universal language or practice of M&E across projects in the portfolio. All the IAs are working to remedy this situation, and newer projects increasingly show improved M&E planning over earlier ones. Notably outstanding is the problem of developing and selecting appropriate indicators for assessing both biological and socioeconomic trends at all levels, making it difficult to measure achievement or impact over time. Proper strategic planning and its accompanying M&E must pull the thread all the way through from the projects to the program and beyond to the level of the CBD and not be undertaken as separate or vaguely related actions at each level. This must be augmented by clear processes for implementation of evaluation findings and recommendations.

Institutionalizing Lessons Learned

20. The study looked at the content or substance (the “what”) that has been gleaned from earlier assessments and actively put to use and the process by which the uptake of these previous conclusions and recommendations occurs (the “how”). Regarding the “what,” the study found that GEF has incorporated (or is in the process of incorporating) many of the findings and recommendations made by previous evaluations, such as issues of stakeholder participation, the improvement of linkages with other sectors of the economy, and more effective M&E systems including the establishment and monitoring of outcome and impact level indicators, particularly at the project level. Further work is needed on areas such as exploring alternatives to the current short-term projects approach as the main mechanism to deliver GEF support to biodiversity conservation and sustainable use, streamlining the approval process and increasing partnerships, including with the private sector, in biodiversity interventions. Regarding the “how,” the study found that there have been positive developments mainly through the establishment of formal processes among the GEF IAs.

21. At the project level, the study found that while the GEF projects have generated a large volume of knowledge, in many cases this information has had a limited distribution. To date, compiling and disseminating lessons learned effectively remains a challenge. All projects provide opportunities to learn lessons, through positive or negative experiences, and it is important to build dissemination and replication strategies into initial project designs. Steps in the right direction include the recent submission by the three IAs of a project concept to strengthen the capacity to generate, disseminate and adopt good practices in biodiversity conservation across the program.

22. At the program level, further work is needed to create an overall strategy and action plan for Knowledge Management within the GEF Biodiversity Program (that is an integral part of the GEF corporate Knowledge Management strategy), including collecting, compiling, and analyzing information acquired from project design through implementation at the project level for program-level consolidation and distribution to GEF partners and the global conservation and development community.

Effectively Managing and Supporting Protected Areas

23. Though it may not be possible to prove, it is widely believed that there is a strong correlation between GEF inputs and the notable increase in protected area coverage over the past decade. In fact, the GEF is credited by many with helping to achieve the global goal of 10% of the world’s land area under protection, announced to the international community in September 2003 at the IUCN World Parks Congress in Durban, South Africa.

24. The recently approved Strategic Priorities for Biodiversity in GEF3 will provide further support to the expansion of protected areas. The GEF has decided that future funding will emphasize support to systems and networks of protected areas rather than to individual protected areas, per se, though individual protected areas may still be supported, particularly through MSPs. This is being reflected in some of the more recently funded projects, which have had an

allied focus on new approaches to creating linkages in the landscape, including the establishment of biological corridors stretching beyond national boundaries. While interest in and examination of such large-scale approaches is to be encouraged, and may provide an interesting opportunity to link practical attempts to apply and operationalize the Ecosystem Approach, as adopted by the CBD, extreme caution should be exercised regarding the tendency to design large, unmanageable megaprojects that exceed the capacities of most executing agencies and even most countries in the developing world. Clearly, the establishment of strategic partnerships to design and implement such initiatives may be the way forward, but again, should be undertaken with caution.

25. The study found that other specific aspects of the extensive support to protected areas need further clarification and analysis, such as how the GEF investments are made relative to different categories of protected status and the stated objectives of individual protected areas or protected area systems and networks, as well as the espoused relationship between the delivery of GEF support and the subsequent effectiveness of management. The current usefulness of the recently adopted Management Effectiveness Tracking Tool and suggestions for improvement of its diagnostic and analytical capability are also highlighted.

Improving the Enabling Environment

26. The majority of GEF projects include components that seek to improve the enabling environment for conservation and sustainable use of biodiversity. Some of the areas in the enabling environment in which the GEF Biodiversity Program has achieved notable progress include improving policy and legislation, raising public awareness, establishing successful partnerships, and generating knowledge.

27. Many projects have documented a wide range of achievements in influencing policy and legislation, such as working on targeted legislation to deliver stronger protected areas systems; securing legal status of particular protected areas; and furthering legislation relating to land use, land tenure, and natural resource management. Projects have also contributed to policy and legislative issues in sectors related to the sustainable use of biodiversity, including hunting, fishing, forestry, agriculture, and tourism.

28. While the majority of projects have focused on public awareness at local or national levels, it is believed that the very existence of the GEF has raised the level of global awareness regarding biodiversity conservation. While measuring either changes in global public awareness of biodiversity conservation or the specific influence of the GEF, as such, would be impossible, practitioners have posited that the GEF's existence has had a net positive influence in the realm of public awareness. On the other hand, the study found that even at the project level baselines are not being established on behavior and awareness levels to help objectively evaluate the changes due to project interventions. Therefore, the ability to assess and attribute changes at the overall program level is precluded.

29. The GEF Biodiversity Program has also created many successful partnerships through the implementation of its projects, including partnerships with local governments; national governments; local, national, and international NGOs; academia; private sector entities; donors;

other general stakeholders; and other projects and international initiatives. Partnerships are, in fact, fundamental for the GEF to realize its full potential as a catalytic institution. GEF projects have been able to bring different stakeholders together, creating linkages between communities, NGOs, and governments, encouraging cooperation and improving understanding and dialogue between local and national levels.

30. Opportunities for more and closer collaboration with private sector partners working in industries that may negatively affect the status of biodiversity should be sought more proactively. While some projects reported that government institutions seem to have some difficulty operating in partnerships, and some partners need capacity building, time, or both to become fully engaged, it was also observed that where partnerships did not work, for whatever reason, the achievement of outcomes for an entire project was likely to be compromised.

Supporting the Small Grants Programme: The Human Face of the GEF

31. The third independent evaluation of the Small Grants Programme noted that it had become the permanent public face—in fact, the “human face”—of the GEF in many countries. The SGP is well respected by government agencies and other donors and has influenced a whole generation of NGOs and community-based organizations. The SGP portfolio was commended by the evaluation for being very cost-effective and supportive of innovative projects. Its transparent, participatory, country-driven approach to planning and implementation was observed to be strongly conducive to sustainability. Although more work is needed to demonstrate their contribution to larger global priorities and goals, biodiversity projects funded by the SGP seem to be consistent with national conservation priorities. The SGP also appears to be very successful in supporting innovative approaches to conserving biodiversity that are outside the realm of traditional protected areas and include activities on medicinal plants, sustainable forestry and agricultural biodiversity. Building on the positive experiences from the SGP with grants averaging less than \$20,000, the GEF should explore additional mechanisms for the disbursement of funds to projects in the \$10,000 to \$100,000 range.

Applying the GEF Guiding Principles and Their Link to Sustainability

32. Though the GEF applies a number of criteria to review the eligibility of proposed projects, the BPS2004 considered all of these criteria together within the context of sustainability. The ability to sustain the outputs, outcomes and impacts of projects underlies virtually all the GEF guiding principles. While the challenge of achieving sustainability has occasionally been met in GEF projects, in most instances, it still remains elusive. In large part this difficulty stems from the fact that there are many different dimensions of sustainability: financial, institutional, technical, ecological and sociopolitical.

33. Although some of the achievements and shortcomings in this area are presented within the context of the improvements in the enabling environment, the study explored specific issues related to the sustainability of projects’ outputs and outcomes. For example, the study investigated mechanisms and tools that GEF projects have utilized, with different levels of success, to deal with the financial sustainability of outcomes, such as trust funds, ecotourism, and leveraging additional donor funds. Examples are cited of various trust fund models

established with GEF funds to date, which have been particularly successful in supporting recurrent costs of PAs or providing benefits to local communities. One conclusion reached was that the GEF's focus on financial sustainability presents specific challenges in the context of conserving global biodiversity, particularly because of the high costs involved and the fact that the components of biodiversity are often common access resources. These unique characteristics may require additional considerations for the biodiversity focal area. When looking at the topic of how, or if, financial sustainability will ever be achieved or should even be expected, the viewpoints are as numerous as the people expressing them.

34. Regarding the building of institutional sustainability, in some cases the GEF has made progress in ensuring that necessary and effective institutional mechanisms for biodiversity conservation are in place. On the other hand, GEF projects, particularly those implemented by government agencies, have been challenged when encountering hefty bureaucracy, lack of capacity, chronic inertia, and poor coordination. The primary way the GEF works to increase sociopolitical sustainability is by attempting to ensure broad stakeholder participation in all aspects of project development and implementation and strong country ownership. Overall, GEF projects have made good progress in consulting a wide range of potential stakeholders, although active stakeholder participation has been more common during project implementation than during project preparation. The study also found that many GEF projects have not readily distinguished among different models along the continuum of stakeholder engagement. Projects have experienced implementation problems when the models chosen were not the most appropriate for the objectives of the projects or their application was either incorrect or inadequate under the circumstances.

35. Although technical sustainability could encompass a number of different aspects, GEF projects have mainly worked on building technical capacity and providing direct technical assistance. These are considered to be areas in which the GEF has had strong achievements, particularly regarding GEF's role in increasing capacity among local NGOs, community-based organizations, and government agencies. While ecological sustainability may be the ultimate goal of every successful GEF biodiversity project, it may rarely be attained because it is highly dynamic and is often influenced by unforeseen forces or circumstances.

36. Making steps toward selecting indicators, establishing baselines, and measuring impacts. The study found that although attempts have been made to address the concerns of OPS2 and BPS2001 regarding the need to improve monitoring and measurement at the impact level, there is still little ability to measure the impact of the GEF Biodiversity Program on improving the status of global biodiversity. The study made an attempt at identifying and assessing impacts reported in project documents (mostly terminal evaluations). Not unexpectedly, given the poor performance, to date, with establishing indicators, monitoring and measuring impacts, the biodiversity impacts reported by projects were limited and localized, and presented mostly by unsubstantiated general trend statements. This problem is not only restricted to the GEF since measuring biodiversity impacts has been a challenge to the entire conservation community. Extensive work is now being undertaken on the topic in many organizations. In particular, from the BPS2004 cohort (141 completed and post-midterm projects and over one and a half billion dollars in direct GEF investments and co-financing), less than 20 projects (14%) have reported impacts on any level or of any kind (positive or negative); only a small subset of these provides

actual or meaningful data from which to derive trends. Even if impacts may only reasonably be expected of completed projects, it is notable that more than 50% of completion reports or terminal evaluations reviewed in the study did not include any assessment or conclusions on the final impact of the project on biodiversity status. These findings point to problems in project design, implementation, and overall evaluation and reporting standards.

37. The study found that although more attention has been paid to the issue of measuring outcomes at the project and program levels, the program and projects are still struggling to establish measures of the impact of GEF-supported activities on biodiversity status. Measuring impacts is a critical aim for the GEF, and much remains to be done. A review of the new generation of recently approved projects found that progress continues and that there has been a significant improvement in the presentation of logframes and plans for collecting and using biodiversity baselines for project preparation and management, but there are still no clear linkages or plans to enable a “roll up” to program level achievements and impacts.

38. In terms of measuring socioeconomic impacts, the study found that neither projects nor the program are identifying meaningful indicators, establishing the necessary baselines, or monitoring progress. It is presumed that the ongoing GEFM&E Unit Local Benefits Study will provide further guidance on these matters.

CHALLENGES AHEAD: DEVELOPING A STRATEGY

39. From the outset, this study searched for a single, unifying strategy against which to objectively assess performance to date. The absence of such a strategy was found to be one of the fundamental weaknesses of the GEF’s current Biodiversity Program and, without due attention, may well remain its “Achilles heel”. In the absence of a fully developed strategic framework, laying out a clear and rational vision (along with goals, objectives, and targets) and defining its place in the global and national biodiversity context, the GEF Biodiversity Program is destined to remain a constellation of challenging projects, struggling to demonstrate impacts to its constituency.

40. As more traditional bilateral donors move away from funding biodiversity conservation and as the global economy continues to grow, with increasingly negative impacts on biodiversity, the demand for GEF funding will no doubt increase as well. The GEF’s Biodiversity Program must become far more strategic and deliberate in the use of its significant, albeit limited, funds. While the Operational Strategy, the Operational Programs, and the recent Biodiversity Strategic Priorities for GEF3 have provided stepping-stones along the way, there remains an opportunity to revisit the current situation and ratchet these approaches up to a higher level of strategic thinking, vision, and guidance.

41. Participants to the negotiations for the third replenishment of the GEF Trust Fund concluded that the GEF should develop a framework that allocates resources to global environmental priorities, based on countries’ performances, and maximizes sustainable results through strategic planning and improved measurements of performance. The majority of donors now insist on this more strategic way of thinking to enhance synergies and create cost-effective ways of delivering outcomes and impacts. The GEF is no exception, and the GEF Council has

clearly recognized the need for such an approach over the past few years. Although the GEF's Biodiversity Program is well positioned to move into a new era of better-integrated and more coherent strategic engagement and intervention, it is clear that this will require changes of culture and practice among all major actors of the GEF partnership. The GEF Secretariat and the GEF Council should provide strong, innovative, and inspirational leadership in this discussion.

42. In the lead-up to the next replenishment, this process could begin through the formulation of a forward-thinking strategic framework for future interventions, clearly laying out the full range of expected outcomes and impacts of the entire GEF Biodiversity Program and how these will directly contribute, in the form of measurable targets at all levels, to the goal, objectives, and targets of the CBD. To ensure the necessary linkages, the components of this framework must relate directly to the recently approved 2010 biodiversity targets. The GEF Biodiversity Program should be guided by the concept of "rolling up" performance from the project to the program level and beyond to the CBD through the considered use of the nested or cascading logical framework approach. In addition, and possibly to great effect, the appropriate application of scenario planning tools and approaches, as employed by notable industry leaders over the past three decades, might assist in the pursuit of their conservation objectives in a world of growing risk and uncertainty. At the operational level, this strategic planning framework must then link directly to plans and designs for both monitoring and evaluating individual projects in the portfolio and the program overall.

43. During its first 12 years of investment, the GEF has funded projects in globally recognized World Heritage sites, Ramsar sites, hotspots, and Global 200 ecoregions, and has provided a huge boost to protected areas around the world. However, it still has not adopted a rationale or an objective system with clear criteria for prioritizing or balancing the biodiversity portfolio. This objective system could determine, for example, where projects will be carried out (geographical regions, national or global priority ecosystems), when they will be carried out (over what time scale, 3–5 years or 5–10 years or more), what projects will focus on (increasing species numbers and distribution; conserving globally "valuable" species, populations, or ecosystems; conserving globally threatened species or common and abundant fauna and flora), and how they will be carried out (using existing models of stakeholder engagement, including local and indigenous communities and the private sector, or using totally novel approaches developed at the local level).

44. Without an improved vision and clear priorities, the Biodiversity Program runs the risk of perpetuating the status quo and precludes the GEF from being able to truly focus its resources in ways that might have the highest chance of significant impact, for example, addressing the most promising approaches, the most pressing threats, and the world's most important areas. In undertaking this proactive approach, the GEF should not be limited by its past, as an extension of a rather conservative global public sector. The GEF must be bold, and move with intent and initiative, taking advantage of its success in raising global awareness and its proven record in stakeholder consultation and the forging of effective partnerships.

45. Obviously, the implementation of any proposed system to prioritize funding must be practical and able to function effectively in the real world of politics and science. There are many highly committed governments. There are outstanding conservationists, each with their

personal viewpoint regarding priorities for conserving biodiversity. There are the realities of working within an unpredictable global economy. And there are the constraints of operating within a host of multilateral environmental agreements and conventions in which every issue is a priority and every country is eligible. How can a way be found to recognize commitment and good governance, identify scientifically-based priorities, and keep a closer check on the targeting of interventions? The GEF must implement a system that not only recognizes but also rewards serious commitment to biodiversity conservation and provides such support based on a clear assessment of needs and capacity within a long-term vision and strategy. Many in the global conservation and development community would welcome strong and decisive leadership in furthering these aims.

KEY RECOMMENDATIONS

46. To improve on shortcomings identified, the study presents many recommendations, which are detailed in the table at the end of this Executive Summary and found throughout the report. However, the following subset comprises a select group considered fundamental to improving the performance of the GEF Biodiversity Program and requiring immediate action.

Improving the Delivery and Measurement of Outcomes and Impacts

47. Delivering and measuring outcomes and impacts were central themes of the negotiations of the third replenishment of the GEF, the recommendations from OPS2, and the previous GEF Biodiversity Program study. The GEF Council has also called for work on delivering and reporting outcomes and impacts. The new Biodiversity Strategic Priorities developed for GEF3 and the work presented in the document, “Measuring Results of the Biodiversity Program,” are signs of progress in monitoring impacts at the program outcome level. The IAs also have made progress at the project level, demonstrated by continued improvements in the presentation of logframes, selection of indicators, and plans for collecting and using biodiversity baselines in new projects. However, impacts can only be measured through monitoring changes in the status of biodiversity, and there are still no clear guidelines, standardized procedures, or measurable program-level targets or indicators against which to evaluate the impacts of the GEF’s interventions. This shortcoming presented a major challenge for this study in attempting to assess impacts and attribute credit in any meaningful way.

48. Regarding the delivery of outcomes and impacts, the study makes recommendations in the following areas:²

- The contribution of protected areas to conserving global biodiversity. *Despite its very significant financial and technical contribution toward expanding the world’s protected areas and protected area networks while at the same time enhancing their management, the GEF has yet to conduct a study that looks at the additive or aggregate contribution of local, project, or site-level outcomes and impacts of protected areas to the GEF’s overall contribution to higher level, global biodiversity impacts (GEFM&E). Furthermore, future investments in protected areas should be accompanied by more intentional*

² Each recommendation indicates, at the end and in brackets, which group or groups in the GEF partnership are recommended to take the lead for its implementation.

consideration of the full range of protected areas and their underlying conservation objectives. By better distinguishing among the different categories of protection and their differing conservation objectives, support can be better rationalized (GEF Secretariat and IAs).

- *Sustainable use and the Ecosystem Approach. There is now a clear opportunity to forge a linkage between the operationalization of both the Addis Ababa Principles, recently endorsed by COP7, which underpin the practice of sustainable use, and the Malawi Principles underlying the Ecosystem Approach. The complementarities are particularly relevant on issues of governance, policy, legislative frameworks, spatial and temporal scales of management, land tenure and land-use planning, adaptive management of the resource under use, and potentially damaging impacts of uses on ecosystems services (GEF Secretariat and IAs).*
- *Access and benefit sharing. The study found that the current concept of access and benefit sharing of genetic resources (ABS) is considered and applied in different ways, by different stakeholders, at different times and in different contexts. Clarity is needed among all individuals or parties involved in discussions, negotiations, or other communications involving this concept. Failure to identify the confusion and make critical distinctions has led to widespread misinterpretation and misuse of the concepts in many contexts within the CBD; consequently, unrealistic expectations have developed. In creating such expectations, the stage has almost certainly been set for widespread disappointment in the future, when any and all use of biological resources is expected to provide benefits to one and all (CBD, STAP and GEF Secretariat).*
- *Improvement of the enabling environment through mainstreaming. It is now widely accepted that successfully mainstreaming—or integrating—biodiversity considerations into all aspects and levels of society and governance will be the surest way to sustain conservation gains in the long term. However, the study found that, to date, not unlike ABS, the concept of mainstreaming biodiversity is defined and applied in different ways and in different contexts by different actors. The result is operational complications and confusion for the GEF Secretariat and the IAs. Given that mainstreaming in production landscapes and sectors has recently become one of the four new Strategic Priorities, guidelines and definitions should be developed to clarify exactly what types of activities, processes, and interventions are to be included and supported in the mainstreaming concept within the GEF context (GEF Secretariat and STAP).*

49. Regarding improvements to the measurement of outcomes and impacts, the study makes recommendations in the following areas:

- *Selecting and linking indicators of impact. The selection of appropriate and measurable indicators and links between project-level indicators of outcomes and impacts and their relationships to indicators of the implicit goal of the GEF Biodiversity Program (i.e. positive changes in the status of global biodiversity) must be more clearly established, and dedicated work on this topic should be undertaken. In particular, the GEFM&E Unit should continue to provide guidance to IAs for conducting assessments of each project's impacts, including the development of guidelines on how to assess and assign a*

rating for the impact of every project in terminal evaluations. Such guidance would complement the present guidance that requires completed projects to assess and rate their outcome-level achievements (GEFM&E and IAs).

- *Establishing baselines and monitoring changes over time. The establishment of indicator baselines should be considered mandatory within the first 12 months of a project and definitely prior to the release of further project funds thereafter. Furthermore, given its limited resources, the focus of the GEF should be to support monitoring activities aimed at collecting the necessary verification data to measure conservation outcomes and impacts in support of management actions. While newer projects have been establishing baselines, continued work in this regard is to be encouraged, particularly to ensure that both biodiversity and socioeconomic impact indicators are developed, measured, and analyzed at all levels, from outputs to outcomes to impacts (GEF Secretariat and IAs).*
- *Enabling program-level M&E. In consultation with the GEF Biodiversity Task Force, the GEFM&E Unit should develop standards and guidelines for monitoring and evaluation at the project level that can be “rolled up” to the program level, thereby allowing true evaluation of the performance of the entire portfolio and its efficiency and effectiveness in attaining its higher-level objectives (GEFM&E).*

Addressing Operational Shortcomings: Toward Improving the Management and Administration of the GEF Biodiversity Program

50. After more than a decade of project design, approval, implementation, and evaluation, the GEF Biodiversity Program has accrued many experiences of both achievements and shortcomings. To date, the GEF Secretariat has been somewhat passively administering the large portfolio of biodiversity projects. In the future, their approach could take on more strategic dimensions.

51. The study found that it takes an average of about 5 years for a full-sized project to go through the GEF process before implementation begins on the ground. This is unacceptably long and without further delay, deliberate actions must be taken to streamline the project preparation process, thereby reducing the lengthy and, in many cases, crippling transaction costs for proponents. In addition, more work is needed to increase consistency in the application of strategic planning through the use of the logical framework approach at both the project and program levels, to strengthen project implementation both technically and operationally, and to adopt and apply industry standards for M&E. While it is recognized that streamlining the project preparation process and some of the steps recommended for more rigorous strategic planning, implementation and evaluation may appear antithetical, it is possible to achieve both in shorter time frames if all steps in the process are made more efficient. Perhaps the most challenging time commitment, and one that may be difficult to redress but is necessary nonetheless, is the time required to conduct adequate stakeholder consultations in large, complex biodiversity projects.

52. The study presents a number of recommendations regarding current operational shortcomings and considers five, in particular, to be fundamental, requiring urgent action:

- Strategic guidance and management of the Biodiversity Program. *The GEF Biodiversity Team needs to move on from simply administering a portfolio of projects to actively and strategically providing greater vision, better cohesion, proactive management and stronger delivery of the GEF Biodiversity Program (GEF Secretariat).*
- Institutional policies, rules, and regulations. *Given the increasing number of partners involved in project implementation, the GEF should develop clear policies, rules, and regulations of its own, particularly on issues of a highly political nature and profile (for example, relocation, indigenous people, land tenure, stakeholder participation, etc.) (GEF Council).*
- A streamlined review process. *Presently the GEF project cycle is unacceptably long and requires repeated reviews and revisions. This process could be streamlined by reducing the number of stages at which project proposals must be reviewed and instead having a single, exhaustive review to be conducted by the GEF Secretariat with the support of one or more senior experts from the STAP roster at the beginning of the process (pipeline entry), coupled with more involvement during project implementation to review conformity with GEF principles (GEF Secretariat).*
- Budgets and project duration scaled to biodiversity objectives, needs, and capacity. *The study found that there are no guidelines for the scaling of GEF project budgets to any objective assessment of need or capacity; proponents often seek funds well beyond their capacities to implement. Furthermore, there seems to be a tendency for proponents to go for the maximum amount of funding they are able to secure, regardless of their proposed outcomes or their demonstrated capacity to absorb or implement the planned activities. This issue of unrealistic timeframes and overly ambitious project scope has been highlighted in other GEFM&E reports and should now be resolved. Modifying the current funding process to better balance project size and duration with the absorption capacities of executing agencies may be the only way to produce more tangible progress in achieving outcomes and impacts and achieving sustainability. The GEF Council should request a high-level institutional review and reconsideration of the budgeting process and short-term, project-based approach currently applied in the Biodiversity Program, in an attempt to better link the financial resources allocated with the stated biodiversity objectives, needs, and capacities of the executing agencies to implement the proposed projects (GEF Council).*
- Project phasing. *Within the current project-based approach, proposed interventions should be conceptualized and designed in a way that appropriate phasing is built in from the outset, allowing them to evolve gradually, at a pace that aligns well with the assimilation capacities on the ground rather than following the current norm of massive inputs to executing agencies that often reach their saturation point early on. While this “trickle feed” approach may result in a far longer project cycle or a cycle of phased or inter-related projects, a slower infusion of funds over a longer period of time should allow better absorption as well as the opportunity to scale up over time (GEF Secretariat and IAs).*

CONCLUDING REMARKS

53. Like OPS2, findings from this study would seem to indicate that, to date, the GEF Biodiversity Program has not contributed measurably to improving the status of global biodiversity. Though this may come as a serious disappointment to many, it is likely the result of two things: the slow pace of establishing the means to monitor progress from project to program levels and continued unrealistic and unspoken expectations.

54. A series of questions underlay the study's attempt to explore possible reasons behind these findings. What exactly is the expected contribution of the GEF's Biodiversity Program to improving the status of biodiversity? Is there an implicit belief that the GEF Biodiversity Program is synonymous with the CBD and, therefore, is expected to deliver on the goal, objectives, and targets laid out in the CBD Strategic Plan in their entirety? Or the 2010 CBD targets? Or even to the Millennium Development Goals? Is it expected that the GEF Biodiversity Program alone will deliver *all* the GEF's cumulative contribution to improving the status of global biodiversity? Is there clear and realistic thinking about what the GEF Biodiversity Program's expenditure of approximately \$170 million annually since the GEF's inception should deliver? And what all the co-financing and leverage that these funds bring to bear could ever realistically contribute to improving the status of global biodiversity? Even searching deliberately, it is not possible to find clear answers to these questions—but why?

55. Although conceived as a funding mechanism to support catalytic, innovative, and strategic interventions to help defray the incremental costs of securing global environmental benefits, it seems that there was an inherent problem from the start in clearly articulating the expectations of the GEF or the level at which the GEF's performance—overall and in the three focal areas—would be assessed. In other words, no targets or goals were set at the level of the entire GEF or at the level of the GEF Biodiversity Program. Further, it was not realized or perhaps clearly articulated from the outset that the GEF would be only a contributor to delivering the highest level vision of improving the status of global biodiversity but would never achieve this on its own. For these reasons, the GEF's, and by association, its Biodiversity Program's ability to demonstrate achievements may have been undermined by the tacit belief that the GEF would “do it all.” These shortcomings in the governance of and direction to the GEF, from its earliest origins, have placed the Facility and its component programs in an unenviable and untenable position.

56. The unrealistic expectations reached the level of even OPS2, which concluded that, “The GEF, acting under the mandate and guidance of the CBD, has not yet been able to reverse this trend [in biodiversity loss].” Apparently, at that time, it was still expected that such lofty goals were even within the grasp of the GEF and its Biodiversity Program.

57. So what are the reasons for not being able to clearly define the GEF's *raison d'être*? Are they technical, operational, or political in nature, or some combination of these? Many of the shortcomings described in this study may well be attributable to the constraints imposed by the underlying processes that rule the modus operandi of the GEF's. It is notable that the remit of the GEF has never been expressed in terms of measurable biodiversity goals and outcomes to which each GEF-funded program and its component projects must make a defined contribution and that will ultimately “roll up” to deliver true impacts on the status of global biodiversity over time.

58. In the final analysis, it appears that the lack of real progress in quantifying and assessing the GEF's impact on the status of global biodiversity is not a trivial issue and may stem from a much deeper and more fundamental problem: It remains unclear to this study what the GEF Council, the Parties, and other stakeholders are actually expecting the GEF overall and, more specifically, the GEF Biodiversity Program to deliver and if those still-implicit expectations have ever been realistic given the operating environment in which the GEF exists.

59. Given the absence of a strategic framework, and the constraints and limitations imposed on the GEF Biodiversity Program, the study still felt it appropriate to ask and answer the following questions. Over a decade later would the status of our world's biodiversity have been better off without the GEF? – No! Could the achievements and impacts have been more profound and demonstrable? – Yes, probably. Could the significant resources of the GEF be guided and managed more strategically, more efficiently, and more effectively to deliver greater impacts in the future? – Yes, definitely! This is the challenge ahead.

RECOMMENDATIONS BY CHAPTER AND LEVEL OF PRIORITY³

Chapter/ Section	Recommendation	Responsibility	Level of priority
4. Responsiveness to CBD			
4.3.1. External views	There is a need for more concerted efforts to improve the dissemination of information on how the GEF responds to guidance. The GEF-sponsored Country Dialogue Workshops could provide a good venue to clarify GEF processes and strengthen the outreach process.	GEF Secretariat	3
5. From Projects to Program: A review of processes			
5.2. Where Does the Time Go?	The GEF Secretariat should develop standards for reporting by IA and GEF National Focal Points on project cycle milestones and establish a data handling process to ensure that vital statistics on the GEF project cycle are compiled and can be provided as and when required. These data should be made available and easily accessible in the public domain to increase accountability and transparency of the entire project approval process.	GEF Secretariat	2
	To inform the streamlining process, it might be helpful to conduct a comprehensive, comparative study of the project processing cycle in other similar donor agencies, including bilaterals and international NGOs.	GEF Secretariat	2
5.3.1. The pre-design phase	To both streamline the process of accessing GEF funds and help increase transparency and improve accountability, the GEF should develop a real time, online concept/project tracking system to allow proponents to see, at any given time, where their concepts or proposals have progressed to along the continuum from concept submission to project approval. This service should be provided by the GEF Secretariat and perhaps broadened to include the other GEF focal areas.	GEF Secretariat	2
	In addition, comprehensive and user-friendly online and hard copy guidelines on project processing, in all the Convention languages, are needed. These should be written in simple language and widely disseminated, laying out the roles and responsibilities of the GEF Secretariat, the IAs, and the ExAs; their comparative advantages, their eligibility requirements; and clear-cut procedures for application to each of the IAs.	GEF Secretariat, IAs, ExAs	2
5.3.2. Project design and preparation	There is a need for a high-level institutional review and reconsideration of the budgeting process (that is, money allocated versus project objectives, needs, and capacities) currently applied to projects in the Biodiversity Program.	GEF Council	1

³ Recommendations are prioritized using three levels: 1, 2 and 3. Level 1 implies key recommendations considered fundamental and requiring immediate action. .

Chapter/ Section	Recommendation	Responsibility	Level of priority
	Following on from the recommendation to Council, projects should be designed in a way that appropriate phasing is built in from the outset. Projects should evolve gradually, at a pace that aligns well with the assimilation capacities on the ground rather than follow a punctuated equilibrium of massive inputs reaching a saturation point early on. While this “trickle feed” may result in a far longer project cycle or a cycle of phased or interrelated projects, a slower infusion of funds over a longer period of time should allow better absorption as well as the opportunity to scale up over time.	GEF Secretariat and IAs	1
	This study did not look at the issue of incremental costs but recommends that a review of the issue be conducted leading to the creation of a handbook setting out simplified guidelines on project budgeting as well as incremental cost calculations.	GEF Secretariat	2
	Project proponents should be realistic and pragmatic when working with the IAs to design effective projects. There is a serious need to develop achievable, measurable time-bound targets, which can be “rolled up” from the project to the program level. This can only be done after a much earlier and clearer assessment of capacities and commitment at the implementation level.	Project proponents and IAs	2
	When designing future projects, more conscientious attention should be devoted to conducting threat analyses at the appropriate stage along a continuum from direct to root causes.	GEF Secretariat and IAs	2
	The degree of risk due to external factors (such as war and political instability, economic uncertainties, corruption, HIV/AIDS and other pandemic diseases, as well as the impacts of weather and climate change) should be more rigorously articulated, and the tools required to mitigate these risks must be built into projects from the start. Taking these together, a system of ratings relating a set of criteria to the probability of successful implementation should be developed. All projects should carry this rating from their inception to provide an early warning system.	GEF Secretariat and IAs	2
5.3.3 Project approvals	The need for repeated reviews and revisions could be streamlined by reducing the number of stages at which project proposals must be reviewed and instead having a single, exhaustive review to be conducted by the GEF Secretariat and one or more senior experts from the STAP roster at the beginning of the process (pipeline entry) coupled with more involvement in project implementation to review conformity with GEF principles.	GEF Secretariat	1

Chapter/ Section	Recommendation	Responsibility	Level of priority
5.3.4 Project implementation	The GEF should develop clear policies, rules, and regulations of its own, particularly on issues of a highly political nature and profile (for example, relocation, indigenous people, land tenure, and stakeholder participation).	GEF Council	2
	The GEF Secretariat should be officially informed by all the IAs when a project is prematurely terminated, closed, or canceled with an explanation of the circumstances and a description of any plans to deal with the unfulfilled objectives, as initially identified.	IAs	2
	Greater and broader technical proficiency will be needed in future among the staff of the GEF Secretariat and the IAs to improve technical assistance to the executing agencies in project design and implementation on new and emerging issues within the CBD. While this is especially true for people working close to the field (GEF focal points within government and in national and regional IA offices), it is also important at the headquarters level.	GEF Secretariat and IAs	2
5.3.5 Strategic planning, monitoring, and evaluation	The GEFM&E Unit should continue to improve the minimum standards for evaluation and criteria that all IAs must meet and the process through which findings and recommendations will feed back into periodic reviews of the GEF Biodiversity Program.	IAs and GEFM&E	2
	As a standard procedure, the IAs should redouble efforts to ensure their growing rigor in establishing and financing clear M&E plans from the outset, including the articulation of targets at all levels, the selection of both biological and socioeconomic indicators to measure progress along the way, and the establishment of baselines. These plans must be further strengthened to include simple, practical, and sustainable systems for measuring and tracking these indicators on meaningful time scales through periodic assessment. The cost of developing these monitoring plans, including the selection of indicators, should be written into the PDF-B for FSPs or into the project budget for MSPs.	IAs	2
	Clear standards and guidelines should be developed for M&E at the project level and a system of M&E that will “roll up” to the Biodiversity Program level to allow true evaluation of the performance of the entire portfolio in efficiently and effectively attaining its objectives.	GEFM&E	1
	Mechanisms should be established at the project or program level to conduct post-completion evaluations in order to assess sustainability beyond the life of the project.	GEFM&E and IAs	2
5.4 Future directions	The time has come for the GEF Biodiversity Team to move from simply administering the portfolio of projects and begin to actively and strategically provide greater vision, better	GEF Secretariat	1

Chapter/ Section	Recommendation	Responsibility	Level of priority
	cohesion, and stronger delivery of the GEF Biodiversity Program.		
6. The Culture of Lessons Learning: Progress in implementing recommendations from OPS2 and BPS2001			
6.4.1 Evaluation	There should be a dedicated effort to link all evaluation tools and outputs directly to the relevant levels of the Biodiversity Program's strategic framework, its targets, and its time lines while ensuring that a formal process is in place for incorporating key evaluation findings and recommendations, such as those from BPS2004 and OPS3, to better inform future plans and actions.	GEFM&E and IAs	2
6.4.2. Knowledge management	There is a need to establish an overall strategy and action plan for Knowledge Management in the GEF Biodiversity Program, including collecting, compiling, and analyzing information acquired at the project level for program-level consolidation and distribution to GEF partners and the global conservation and development community. The information should include lessons learned, both technical and operational, at all stages in the GEF process from project design through project completion.	GEF Secretariat	2
7. Outcomes of the Biodiversity Program			
7.1. Biodiversity conservation	Future investment in the protected areas portion of the portfolio should be accompanied by more intentional consideration of the full range of protected areas. By better distinguishing between the different categories of protection and their differing conservation objectives, support can be rationalized on this basis.	GEF Secretariat and IAs	1
	There is a need to more clearly define both the diagnostic and analytical capabilities of the Management Effectiveness Tracking Tool to inform further modifications and to enable it to better fulfill its functions for the GEF Biodiversity Program.	GEFM&E, GEF Secretariat, IAs	2
	Despite its very significant financial and technical contribution towards expanding the world's PAs and PA networks and enhancing their management, the GEF has yet to conduct a study that looks at the additive or aggregate contribution of local, project, or site-level outcomes and impacts in PAs to the GEF's overall contribution to higher level, global biodiversity impacts. Such a study would seem to be a matter of urgent priority.	GEFM&E	1
7.2. Sustainable use of biodiversity resources	With regard to contributions in the field of sustainable use, there is a great opportunity to make a linkage between the operationalization of the Addis Ababa Principles and the Malawi Principles for ecosystem approach, particularly regarding the necessary legal frameworks and governance, spatial and temporal scales of management, land tenure and land-use planning, adaptive management of the resource under use, and potentially damaging impacts on ecosystems	GEF Secretariat and IAs	1

Chapter/ Section	Recommendation	Responsibility	Level of priority
	services. To improve chances of success, the operationalization of the Addis Ababa Principles should encourage partnerships between GEF and other actors, particularly the private sector, at all levels, from small-scale producers to intensified industrial production systems. If the intended use of a particular biodiversity component is commercial in nature, a business planning approach should be considered, including a market analysis for demand and a biological analysis for supply.		
7.3. Access and benefit sharing of genetic resources between countries	Currently, the concept of access and benefit sharing is considered and applied in different ways, by different stakeholders, at different times and in different contexts. Clarity is needed among all individuals or parties involved in discussions, negotiations, or other communications involving “access and benefit sharing.” Failure to identify confusion and make critical distinctions has led to widespread misinterpretation and misuse of the concepts in many contexts within the CBD; consequently, expectations have grown. In creating unrealistic expectations, the stage has almost certainly been set for widespread disappointment in the future, when any and all use of biological resources is expected to provide benefits to one and all.	CBD, GEF Secretariat STAP	1
7.4.1 Enabling environment	To assess the outcomes of public awareness and environmental education projects, baseline studies should be conducted on behavior and awareness levels prior to the implementation of activities, and follow-up studies should be conducted at intervals to identify changes in behavior.	GEF Secretariat, GEFM&E, IAs	3
7.4.2 Mainstreaming biodiversity	Currently, the concept of mainstreaming biodiversity is defined and applied in different ways and in different contexts by different actors. This results in operational complications for the GEF Secretariat and the IAs. Given that mainstreaming is the second of the recently articulated Strategic Priorities, guidelines and clear definitions should be developed to clarify exactly what types of activities, processes, and interventions are covered under the mainstreaming concept in the GEF context.	GEF Secretariat and STAP	1
7.5.4. Small Grants Programme	Building on the findings of Wells et al. (2003), this study concurs that not only should additional resources be put into this funding modality, to better ensure the capacity and commitment being built at local levels, but that additional mechanisms for the disbursement of funds to projects in the \$10,000 to \$100,000 range should be sought by the GEF.	Council	2
8. Implementation of the GEF Guiding Principles: Focusing on Sustainability			
8.3. Social sustainability	Stakeholder participation involves a continuum of models that are not clearly distinguished within the GEF. In the absence of such distinctions,	GEF Secretariat and IAs	2

Chapter/ Section	Recommendation	Responsibility	Level of priority
	there is a noted tendency to try to achieve one set of objectives with an inadequate or incorrect application of the appropriate model of stakeholder engagement. The confusion regarding the use of these models and reporting of progress on these approaches is a technical matter and should be redressed.		
8.6 Sustainability through replication	To help ensure the potential for replication, projects should incorporate a replication strategy from the outset including, for example, appropriate budgets, plans for disseminating best practices and lessons learned, and documentation of project histories, thereby ensuring important contributions across the entire portfolio.	IAs and GEF Secretariat	2
8.7 Sustainability of SGP projects and MSPs vs. FSPs	In light of the now considerable experiences with the three primary funding modalities of the GEF (SGP projects, MSPs and FSPs) and being mindful that each is designed to tackle threats or challenges of differing magnitude, using different levels of funding over different periods of time, it would be both timely and desirable to conduct a comparative study to explore the issues of efficiency, effectiveness, and sustainability across these mechanisms rather than merely within each.	GEF Secretariat	2
8.8 When do we know we are sustainable?	By examining the multidimensional aspects of sustainability (financial, institutional, technical, ecological, and sociopolitical), it is possible to think more logically about sustaining outcomes. In this regard, it would be useful to develop disaggregated tracking of the various components of sustainability in the project review process, rather than focusing only on those that are financial.	GEF Secretariat, GEFM&E, IAs	2
9. Contribution of the GEF Biodiversity Program to Improving the Status of Global Biodiversity: How would we know if we are succeeding?			
9.1 Selection of indicators	For the purpose of assessing the impacts of the overall GEF Biodiversity Program on the status of global biodiversity, it is necessary to clarify the differences in the species terminology currently in use among the IAs, defining those species that can meaningfully serve as indicators of trends and the choice of measurements to be taken with regard to such species.	GEF Secretariat, GEFEME, IAs	3
	Practical “menus” of selected biodiversity and socioeconomic indicators should be developed for broad categories of intervention, such as marine versus terrestrial ecosystems as an aid to project designers.	GEF Secretariat, GEFM&E, IAs	2
	The field of indicators, monitoring, and assessments in the biological and social sciences is rapidly moving and highly technical. If it is not available within the GEF institutions, then external expertise may need to be sought for these purposes.	GEFM&E	2
9.1.2 Establishment of baselines	The establishment of baselines should be considered mandatory within the first 12 months	GEF Secretariat and IAs	1

Chapter/ Section	Recommendation	Responsibility	Level of priority
	of a project and definitely prior to the release of further project funds thereafter. While newer projects have been establishing baselines and databases, continued work in this regard is to be encouraged, particularly to ensure that both biodiversity and socioeconomic impact indicators are developed, measured, and analyzed at all levels, from outputs to outcomes to impacts.		
9.1.3 Monitoring of indicators	Given limited resources, the focus of GEF should be to support monitoring activities aimed at collecting the necessary verification data to measure outcomes (reducing pressures/threats on biodiversity) and impacts (changes in status of biodiversity) in support of management action.	GEF Secretariat and IAs	2
9.1.4 Changes in indicators against the baselines	In addition to the need for tracking changes in biodiversity status from outcomes to impacts and from the local to the global level, it is necessary to broaden the basic conceptual and monitoring framework to include socioeconomic aspects, including gender. Given the important, yet often discrete, roles played by men and women in the use and management of natural resources, including valuable components of biodiversity, gender analyses need to become more than academic exercises within projects. Some aspects of gender differentiation may be sensitive indicators of societal changes and movement towards sustainability and it is these which should be identified and provide focus for gender analyses at the project level	GEF Secretariat, GEFM&E, IAs	2
9.1.5 Looking for signs of progress	Links between project-level indicators of outcomes and impacts and their relationships to indicators of the program goal (that is, changes in the status of global biodiversity) must be more clearly established, and dedicated work on this topic should be undertaken. In particular, the GEFM&E Unit should continue to provide guidance to IAs for conducting assessments of each project's achievements and assigning a rating at the impact level in all terminal evaluations. Such guidance would complement the present guidance that requires completed projects to assess and rate their outcome-level achievements.	GEFM&E and IAs	1
9.2 Biodiversity indicators and assessments in the global context	The GEFM&E Unit should investigate and determine the importance of various ongoing processes for developing biodiversity indicators in terms of their abilities to <i>evaluate</i> the cumulative contributions of the Biodiversity Program to the CBD 2010 targets. For those processes deemed to have clear potential, the GEFM&E Unit should work with the GEF Secretariat and the IAs to secure funding to help advance the processes' capacity to assess changes in the status of biodiversity at the global and national levels, and even investigate their own potential role in facilitating the processes.	GEFM&E	2

