

**WORLD BANK
PROJECT IMPLEMENTATION
REVIEW
FY 07**

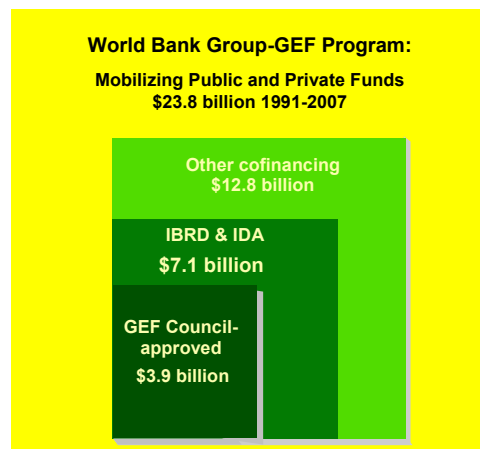
February 4, 2008

Project Implementation Review FY07

Portfolio Overview

The World Bank Group's GEF approved portfolio¹ at the end of FY07 comprised 533 projects representing grant commitments of US\$3.9 billion that are associated with an additional US\$19.9 billion in co-financing from IBRD/IDA (\$7.1 billion) and from other sources (\$12.8 billion). The distribution is summarized in Figure 1 below.

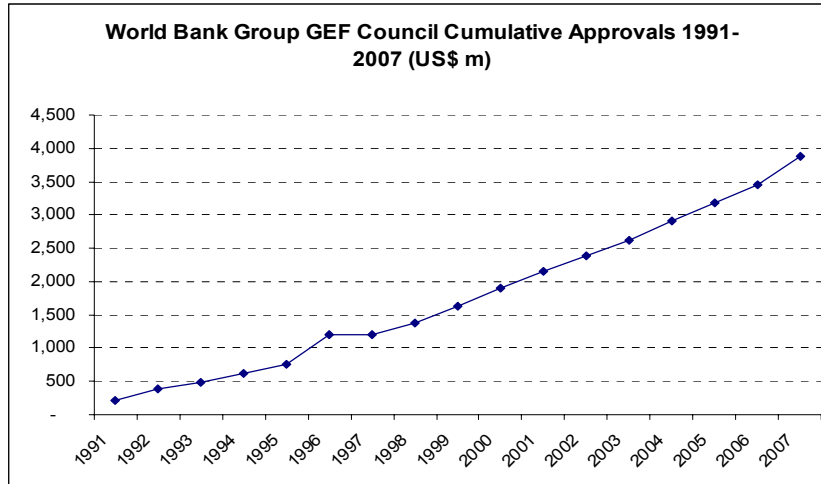
Figure 1
Co-financing for World Bank Group GEF Council approved projects
1991-2007 (US\$ million)



GEF grant commitments (approvals by the GEF Council) increased by 12.3% in nominal terms over FY06, the highest increase in the past three years (compared with 8.7% in FY06 and 9.4% in FY05), while both Bank management approvals and pipeline deliverables were the lowest in several years. Figure 2 below shows the growth in GEF Council approvals since 1991. The significant increase in GEF Council approvals during FY07 was due to project proposals originally presented at the June 2006 GEF Council meeting, the last for the GEF 3 replenishment period, being approved in August 2006 (thus considered FY07 deliveries). It is common for such a sharp increase to occur at the end of a replenishment period in order to use all the funds, though this surge was probably heightened by an the urgency to access the remaining GEF 3 funds prior to introduction of the Resource Allocation Framework (RAF) in GEF 4. During the previous five years the trend had been for a decreasing rate of growth for the portfolio as it expanded in size. In the five years to 2002 commitments nearly doubled in size, increasing by 98%, compared with 62% in the five years since. In coming years, this declining rate of growth is perhaps inevitable as the portfolio expands.

¹ All projects approved by the GEF Council through FY03 and directly managed by the World Bank Group.

Figure 2



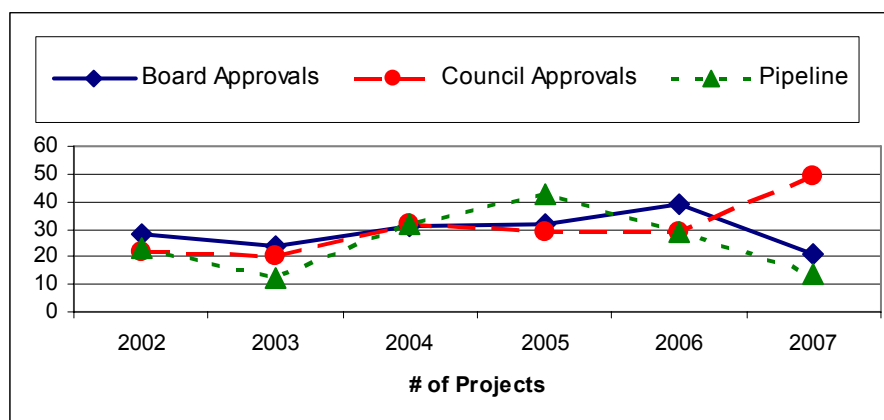
The number of full-sized projects (FSPs) approved by the Bank’s management in FY07 was the lowest in seven years.² The Bank delivered 22 FSPs (and 1 medium-sized project (MSP) was approved by the County Management Unit (CMU)) for a total grant amount of \$221 million, which is a decline of 33% in GEF grant amount from FY06. This reverses a trend which saw the highest number of projects approved in FY06 (43 projects), since the GEF began, which followed a year of similarly high approvals in FY05. Although reforms introduced by the GEF Secretariat in FY07 affected several processes, their impact does not explain this more than fifty percent drop in management approvals.

MSP growth has spiraled downward since the peak periods of FY01 and FY03 when 14 MSPs were approved in each year, to one project approved in FY07. This seems to be realization of the findings from the 2003 MSP study which predicted a decline in interest in this instrument mainly due to its relatively high overhead management costs.

Pipeline deliverables also decreased significantly in FY07 to 14 projects, compared with a high of 43 projects delivered in FY05 and 29 in FY06 (see Figure 3). This largely reflects the impact of the RAF in slowing project identification. Countries have reported a number of difficulties with managing RAF allocations, including: (i) lack of clear guidance on how to manage their allocations; (ii) difficulties in interpreting the 50% rule; (iii) low incentive for countries in the group to coordinate internally and identify projects; and (iv) difficulties in getting the country priority process started. Additionally, reforms being undertaken by the GEF Secretariat also affected the pipeline. This included re-pipelining of projects, introduction of new project submission templates, the introduction of a new project cycle and direct intervention by the GEF Secretariat in country identification of GEF projects which resulted in additional consultations.

² There is a lag of 18 months on average between GEF Council approval and Bank management approval. Some projects are also dropped prior to Bank approval. Therefore in any year, trends could differ in these indices.

Figure 3
Recent Trends in FSP Approvals (2002 – 2007)



Another example of the shift in portfolio trends is the Bank’s active portfolio³, which is defined by the pattern of entries and exists. In FY07 there were 214 active projects with total GEF commitment of US\$1.56 billion – 174 FSPs⁴ and 33 MSPs (as well as 7 Enabling Activities; also see Table 1). Compared with commitments of \$1.61 billion in FY06 for 223 projects, the FY07 result represents the first ever decline in the size of the active portfolio (increases were 9%, 1% and 5.6% in the previous three years).

Average project size has been declining for some years and older larger projects are now closing. For example, in FY07, if two unusually large solar thermal power projects in Morocco and Mexico were excluded, average size of Board approved projects would be \$5.9 million, compared with \$8.7 million in FY06 and an average in earlier years of \$10 million.

Table 1 summarizes the status of the Bank’s GEF portfolio in three categories: completed, active and pipeline. An indication of the maturity of the portfolio is that the total number of completed projects is now approaching the number of active ones.

Table 1
Summary Status of the Bank-GEF Portfolio

Description	FSP		MSP		Total Projects	GEF Amount (\$m)	WBG Amount (\$m)	Total Amount (\$m)
	Projects	Amount	Projects	Amount				
Completed	112	963.92	77	N/A	189	N/A	N/A	N/A
Active as of end FY07	174	1,525.7	33	31.1	207	1,556.8	2,830.7	8,934.6
Pipeline FY08	47	449.75	17	15.4	64	465.29	N/A	N/A

³ All projects approved by the GEF Council and Bank Management through FY03, excluding those cancelled. This corresponds to the Bank’s definition of active projects but differs slightly to GEFSEC’s PIR cohort which requires the projects to be also effective. The latter cohort is analyzed for performance later in this report and for submission of individual project reports.

⁴ An internal memo presenting the regional Work Program Agreements erroneously counted 176 active projects and a total commitment of \$1,573.2 due to 2 duplicates.

Focal Area Distribution

There have been modest changes in recent years in the distribution of FSPs by focal area based on GEF grant commitments (Figure 4). Climate change with 40% of commitments, and biodiversity with 32%, continue to dominate the portfolio, though the gap between the two is widening (from four percentage points in 2004). The shares of international waters, 13%, and multi-focal area, 6%, are also stable. As expected, the number of land degradation and POPs projects has increased but not significantly. Moreover, due to the relatively smaller grant size of these projects their shares remain small at 3% and 2% respectively.

Biodiversity continues to dominate the medium-sized portfolio (MSP) representing commitments of 68%. Climate change projects comprised 16% of MSP commitments, international waters three percent and multi-focal area ten percent.

Figure 4

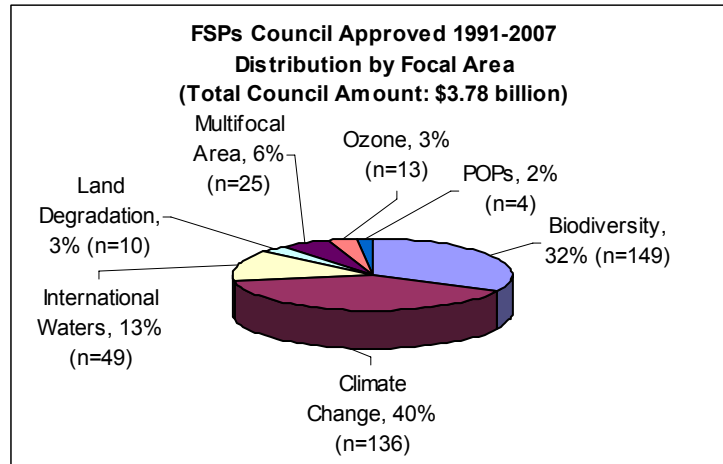
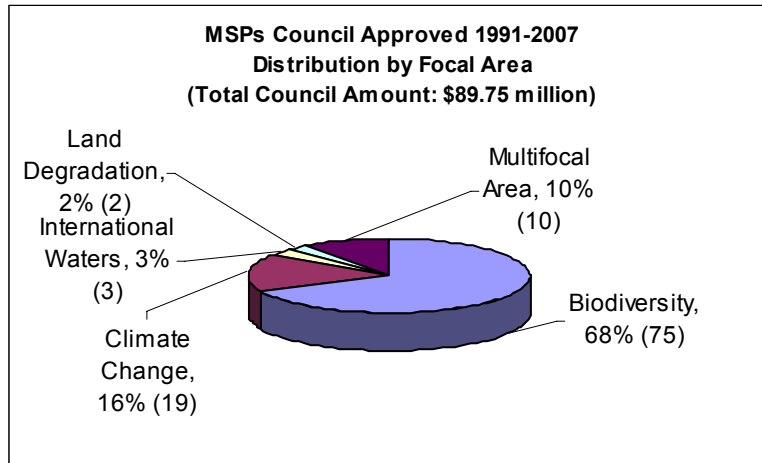


Figure 5



Regional Distribution

There are some changes occurring in the regional distribution of FSPs with AFR experiencing a noticeable increase in share to 20% from 16% in FY05. In FY07 approval of the Strategic Investment Program (SIP) for Land was largely responsible for this increase. LCR continues to have the highest share of commitments (22%), which is an increase of 2 percentage points since FY05. While EAP's commitment has remained constant at 20% for several years and IFC has maintained a 9% share, two regions have experienced decline. Commitments in ECA declined from 19% in FY05 to 17% in FY07, and for the same period the decrease in MNA was from 8% to 5%. In the next few years the impact of the RAF is also likely to affect this distribution. For example, there are signs of further decline in ECA's portfolio as only few countries have individual RAF allocations and several are also gaining accession to the EU. Similarly, AFR's share could also decline with the predominance of countries with group allocations in the RAF. Moreover, with approval of the SIP, there are unlikely to be further GEF investments in sustainable land management in Africa for the remainder of GEF 4.

LCR no longer dominates the MSP portfolio the way it did five years ago when in FY02 the region contained 48% of MSPs. Its share has been declining and is now at 33%, while other regions, mainly ECA (10%) and IFC (8%) have higher shares compared with five years ago. The portfolios of AFR and EAP have remained constant.

Figure 6

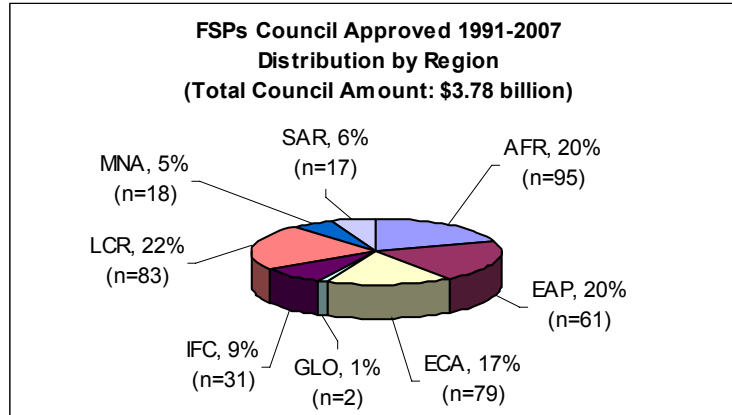
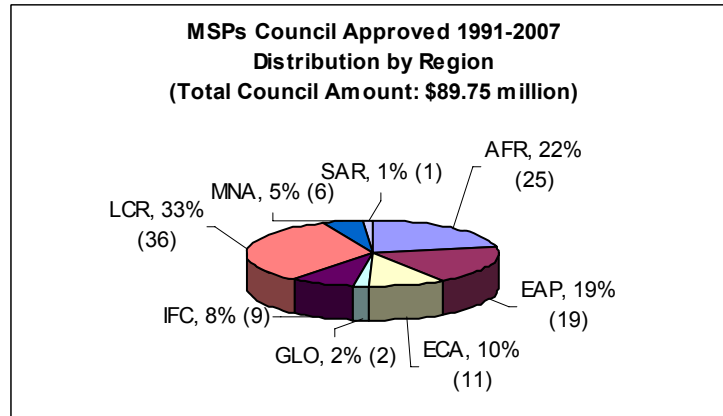


Figure 7



Portfolio Performance

For the past five years, Bank-GEF projects have exceeded the Bank's target of 80% for satisfactory outcomes (see Figure 8 below) and continue to perform above other comparable portfolios in the Bank. In FY07, 83% of projects were in the satisfactory range, and the three year (FY05-FY07) moving average was 85%, higher than both the ESSD (82%)⁵ and Bankwide (80%) three year averages. Nevertheless, there are still some challenges, for example, the Quality Assurance Group (QAG) has noted that design flaws are associated with many unsatisfactory outcomes.

By region (Appendix, Table 1), only AFR (56%) had a three year average below 80%. This low performance is not unique to AFR's GEF portfolio as the region also performed below average in the Bankwide portfolio. The main reasons are the prevalence of fragile states in Africa with unfavorable country environments that are characterized by weak

⁵ The Environmentally and Socially Sustainable Development (ESSD) portfolio includes projects mapped to environment, rural development and social development sector boards which account for a significant number of GEF projects. With the formation of the Sustainable Development Network this designation is no longer used by the Bank but is presented here to facilitate historical comparisons.

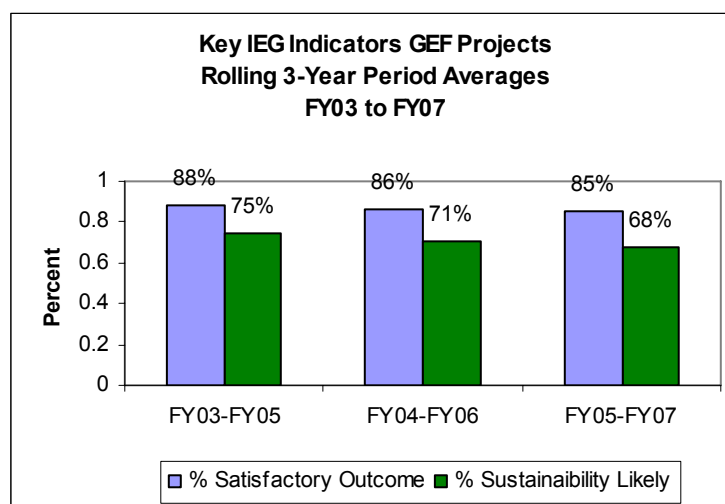
capacity and governance structures. All focal areas performed above 85% over the last three years (Appendix, Table 2).

Table 2
Satisfactory Outcome and Sustainability of GEF Projects & ESSD, FY03-FY07

	FY03	FY04	FY05	FY06	FY07
Satisfactory Outcome					
GEF	86%	83%	91%	82%	83%
ESSD	66%	81%	88%	82%	75%
Sustainability					
GEF	71%	67%	82%	64%	67%
ESSD*	N/A	N/A	N/A	N/A	N/A

* Note: Due to an institutional restructuring that merged the ESSD and other networks into the broader “Sustainable Development Network” (SDN), the ESSD count is no longer available.

Figure 8



Sustainability (Risks to global environment outcomes)

The likelihood of projects achieving sustainability has always lagged behind the outcome ratings and in the most recent three years has fallen slightly. The reasons are familiar: inadequate long term capacity not established; absence of long term financing; limited government ownership and commitment, etc. Task teams need to renew efforts to address sustainability issues much earlier in project implementation. The Bank GEF Coordination Team has always recommended that one output of mid term reviews should be an agreed plan for achieving sustainability.

Lessons Learned from Completed Projects

A review was conducted of the lessons learned, as identified in IEG evaluations of completion reports, from 108 completed full sized projects. The detailed report is included in the accompanying Annex, while a summary is presented below. The review identified cross-cutting issues as well as those specific to each focal area. A general finding is that a number of lessons identified in earlier reviews are still being identified in later ones and are also observable in on-going projects, which suggests that not all projects are fully integrating lessons learned.

The main cross cutting lessons learned can be grouped under the following well-known topics: capacity building; community participation; enabling environment; and monitoring and evaluation. The results, corroborated by findings in recent QAG Annual Reports on Portfolio Performance (ARPP), provide examples of how these well known lessons can contribute to successful outcomes, and also suggest that many are still not being adequately integrated into project design and implementation. The challenge is not only to improve project design but to ensure that even where quality at entry is higher; there is continuity during implementation with careful monitoring and adaptive management. The following were some of the main cross-cutting findings:

- a. Capacity building: emphasis was on the importance of strengthening central and local government agencies involved in project implementation, as well as non-government actors, with a view to long term capacity improvements that would sustain project achievements after the project ends; capacity strengthening also contributed to stronger ownership as well as better ability to enforce rules and regulations; better skill gap analysis during project design was necessary;
- b. Community participation: the need for greater emphasis on local ownership and subsidiarity concerns; promotion of co-management alternatives and capturing of local knowledge; many projects did not follow through during implementation on participatory approaches developed during project preparation;
- c. Enabling environment: an appropriate or strengthened enabling environment, including legislation, regulations, permits, pricing and broader macroeconomic policies; better linkage in blended projects between GEF components and the “parent” projects where the latter are aimed at strengthening the enabling environment;
- d. Monitoring and evaluation: the absence of baselines; explicit targets and quantitative indicators was a prevalent problem which limited the ability to measure progress, outcome and impacts; in particular, where new technologies were introduced the absence of quality indicators meant that accurate assessment of the viability and performance of these innovations could not be made

Projects at Risk

The Active portfolio was reviewed based on the following portfolio indicators: projects at risk, proactivity, progress towards achievement of global environment objectives and implementation progress.⁶

The share of GEF commitments at risk declined to 9% from 12% in FY05 and 11% in FY06 respectively (Table 4). This compares favorably with projects in broader Bank portfolios, ESSD (12%) as well as the overall IBRD/IDA portfolio, (15%).⁷ QAG sees the increased risk of the IBRD/IDA portfolio as a consequence of greater candor in reporting rather than deterioration in portfolio quality. Although results for GEF projects are considered to be statistically insignificant there is no reason why this trend of greater candor should not also apply to GEF projects. Thus, there is a slightly wider divergence for GEF projects when ratings at outcome are compared with the average ratings from Implementation Status Reports (ISRs), which confirms the need for improved candor in reporting.

By region (Table 5), for those with a sizeable portfolio, ECA (18%) and AFR (15%) had the highest shares of commitments at risk, though in the case of ECA, this was a single large project in Poland. The Africa region had made significant progress in recent years in improving portfolio performance. It is important to note therefore that three of the six projects at risk were in Guinea, where the overall portfolio was affected by a general strike and civil unrest which occurred in January /February 2007, culminating in the formation of a new Government. As mentioned above, poor country record is a characteristic of several African countries. The projects at risk in LCR were mainly affected by weak project management and poor country environment. For the overall IBRD/IDA portfolio, QAG found that country record and country environment account for 30% and 20% of risk flags respectively but for the Africa region, the figures were 59% and 31%.

The proactivity ratio for GEF projects continues the increasing trend of recent years and was also higher than the other portfolios in FY07 (Table 4), which have themselves improved. This shows that project teams have been actively addressing the underlying issues associated with problem projects.

GEF projects are often associated with risky environments such as weak environmental management capacity, as well as the introduction of new technologies, financing instruments and processes, which could pose many challenges during implementation. At the same time, with two sources of funding for supervision, blended GEF projects may receive greater attention and are thus able to overcome many of these constraints. The superior proactivity indexes could also be linked with the nature of the problems which are often technical and capacity related and can be addressed in a short time. On the other hand, policy, legal and financial issues as well as greater complexity is more common in larger IBRD/IDA operations and may require a longer time frame to be resolved.

⁶ The Bank recently introduced new methodology for calculating realism and this could not be reported on at this time.

⁷ ESSD covers environment, social and rural development sectors. INF – infrastructure.

Table 4
Portfolio at Risk and Proactivity

Unit	Projects At Risk (%)	Commit at Risk (%)	Comm At Risk	Proactivity (%)
GEF FY07	7	9	121	88
ESSD*	17	12	1,781	83
Bank*	16	15	10,849	79
GEF FY06	12	10	435	65
GEF FY05	11	12	N/A	67

* All product lines. Data as of September 25, 2007.

Table 5
Portfolio Risk Characteristics by Region FY07⁸

Region	# Proj	# Proj At Risk	% At Risk	Net Comm Amt	Comm At Risk	% Commit at Risk	# Prob Proj	% Prob Proj
AFR	45	6	13	291	45	15	3	7
EAP	29	0	0	339	11	3	0	0
ECA	27	1	4	180	33	18	1	4
LCR	41	3	7	417	23	5	1	2
MNA	5	1	20	35	11	30	1	20
SAR	5	0	0	39	-	0	0	0
Total	152	11	7	1,301	121	9	6	4

Achievement of Objectives and Implementation Progress

The results from Implementation Status Reports (ISR) continue to show very high levels of satisfactory portfolio performance in the 90% range (Table 6). The limited variance from the projects at risk ratings in the section above could be seen as evidence of the improved candor noted by QAG for the overall IBRD portfolio. However, as mentioned previously, the outcome ratings show there is still room for greater candor, which the newly introduced measure of realism hopes to identify.⁹ It is also clear that the project at risk system is not effectively identifying the underreporting of risks.

It is now three years since the introduction of the five point rating scale. From the data in Table 7 a clear pattern is not yet discernible, while the number of GEF projects is perhaps too small for any statistically robust interpretation. When the rating scale was introduced there was speculation that the moderately satisfactory category would be widely used. From the data, there is evidence of a slight increase in its frequency. What has occurred is that in most regions projects rated in this category, though not considered at risk are closely monitored as there is an indication of underlying issues.

⁸ Active projects for which at least the first status report had been provided (in implementation for at least six months).

⁹ The revised Realism Index provides a direct link with actual recent outcomes reported by IEG thereby making it more dependent on actual outcomes. It is calculated as the ratio of the number of problem projects recognized by staff and managers to the level of IEG's outcomes that are below the line in the most recent three years (equivalent to about 1,000 evaluations), on a rolling basis (ARPP, 2006).

Table 6
Project Performance Ratings FY07: FSPs Achievement of Global Environment Objectives and Implementation Progress

Rating	Global Environment Objectives	%	Implementation Progress	%
Highly Satisfactory	2	1	4	3
Satisfactory	93	64	80	55
Moderately Satisfactory	42	29	44	34
Moderately Unsatisfactory	7	5	10	7
Unsatisfactory	2	1	2	1
Highly Unsatisfactory	0	0	0	0
Total	146 ¹⁰	100	146	100

Table 7
Project Performance Ratings FY 05-07: FSPs Achievement of Global Environment Objectives and Implementation Progress

Rating	Progress toward Global Environment objectives			Implementation Progress		
	FY05	FY06	FY07	FY05	FY06	FY07
Highly Satisfactory	7	3	1	5	3	3
Satisfactory	52	71	64	62	61	55
Moderately Satisfactory	25	16	29	22	25	34
Moderately Unsatisfactory	7	7	5	6	7	7
Unsatisfactory	9	4	1	4	4	1
Highly Unsatisfactory	0	0	0	0	0	0
Not Rated	0	0	0	0	1	0
Total	100	100	100	100	100	100

For FSPs in regions with a significant number of projects in implementation, Africa had the largest proportion of projects in the unsatisfactory range (14%) for achievement of project objectives, although two of the five projects in MNA were also in this category. Among the other regions, only EAP and ECA had projects rated unsatisfactory (5% and 12% respectively for implementation progress). There was little difference in results among the main focal areas for achievement of project objectives with 8% of multi-focal area projects rated in the unsatisfactory range, 7% of biodiversity projects, 5% of international waters projects and 4% of climate change projects. The distribution was similar for implementation progress with the exception of multi-focal area projects which had 23% in the unsatisfactory range. (Please see Appendix Tables 5, 6, 9 and 10)

For MSPs (Appendix Tables 7, 8, 11 and 12), 95% of projects were in the satisfactory range for achievement of project objectives and 92% for implementation progress. With a concentration of projects in biodiversity there is little difference among focal areas. By

¹⁰ For six projects the information was non-evaluable.

region, AFR (11%) and IFC (17%) had somewhat higher than average unsatisfactory ratings for both achievement of project objectives and implementation progress.

Lessons learned from project implementation

As was the case for completed projects, across the regions factors identified as significantly impacting project implementation (positively or negatively) were well known often basic elements of project design. Several were identified as risks during project design but had not been adequately mitigated:

- The importance of broad public involvement and strong sense of local ownership which can only result from beginning participation during design and incorporating it in project implementation;
- Ownership is also ensured where project design is driven by the client (QAG also noted in its latest portfolio review that the absence of government commitment affected a number of projects in some sectors);
- Clear and workable implementation arrangements which should be transparent and agreed prior to project effectiveness;
- Weak project management and other staff capacity which pose a severe bottleneck to implementation and often causes effectiveness delays;
- Weak capacity also in environment institutions that support projects, as well as unclear division of responsibilities among public institutions, and in some cases political pressure and interference;
- Procurement and disbursement issues largely due to limited understanding of these processes and rules by project recipients and suggests the need for more training especially during the project inception or launch period
- Many projects mention administrative and legal issues, typically bottlenecks in the broader bureaucratic structure where decision making is slow, which affects passage of laws, contract awards, etc;
- Over ambitious project design including optimistic performance and outcome targets;
- Projects in a few countries in Latin America and Africa were affected by unfavorable political climate including elections, change of governments and civil strife

It is also worth noting that there were only a few cases where the project rating was specifically linked to achievement of intermediate or outcome indicators. In next year's PIR a close look will be given to the extent to which the indicators in the Results Framework are useful performance measures during implementation and whether they are being regularly updated.

Elapsed time between processing steps

In FY07 there was a reversal of the trend during the previous four years of declining elapsed time between GEF Council and Bank Management approval, and between the latter and project effectiveness (Figure 9). The longer elapsed time from GEF Council to Bank approval was mainly due to two solar thermal power projects in Morocco and Mexico finally being submitted to the Board after several years delay while the technology was being further developed. The project in Morocco, for example,

significantly skewed the result for MNA in Table 8 below. Among the regions, IFC, EAP and ECA have the shortest delivery time between pipeline and approval by the Bank's Board, while AFR and to a lesser extent LCR and MNA have much longer elapsed times. Effectiveness delays increased in FY07 and tend to have a continuing effect on contributing to further implementation delay once projects begin. The main reason for the increase in FY07 was the complicated legislative clearance procedures for projects in ECA and LCR. With a relatively small number of cases two or three outliers can skew the result.

Over the past five years the average elapsed time for pipeline entry to Bank Board approval was 34 months. The new standard set by the GEF Secretariat (for the close equivalent under the new project cycle of PIF approval to CEO endorsement) is 22 months. The IBRD/IDA average in FY07 from concept approval to Board approval is 17 months. It was always clear that the new GEF standard would be challenging. Previous studies have shown that GEF requirements add between 6 and 9 months to average IBRD/IDA processing time. The four best performing regions, therefore, which average 26 to 29 months, would be in the range of the Bank's average, if allowance is made for the additional time caused by GEF requirements. In trying to meet this new standard, based on five years data, the greatest challenges will be in AFR and LCR which are significantly above the averages for the other four regions (MNA has few projects). The effect of the new project cycle on elapsed time will also need close monitoring.

Figure 9

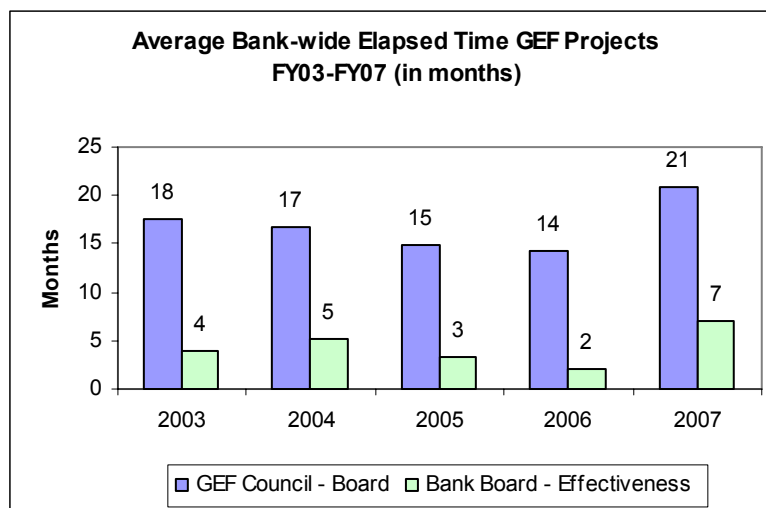


Table 8
Average Elapsed Time by Region FY03-FY07 (months)

Processing Step	AFR	EAP	ECA	IFC	LCR	MNA	SAR	Total
Council - Board 1/	21	14	17	15	14	6	6	16
Board - Effectiveness 2/	5.1	4.8	5.6	1.3	6.1	1.6	0.0	4.8
Pipeline - Council	24	14	15	12	23	31	21	14
Pipeline - Board	45	28	29	26	35	37	27	34

Note: Bank-GEF Standards for /1 and /2: 12 months; 4 months.

Disbursements

The following table lists disbursements for each quarter of FY07.

Table 9
FY07 Disbursements

Quarter 1	45,376,617.5
Quarter 2	68,613,805.0
Quarter 3	56,420,919.1
Quarter 4	55,380,797.4
Total FY07	225,792,138.9

Statistical Appendix

Table 1
Project Outcomes by Region for FSPs

	FY03	FY04	FY05	FY06	FY07	Average 03-07
AFR	50%	100%	100%	33%	0%	56%
EAP	100%	100%	67%	N/A	N/A	80%
ECA	N/A	67%	100%	100%	50%	83%
LCR	100%	100%	100%	100%	100%	100%
MNA	100%	N/A	100%	100%	N/A	100%
SAR	100%	N/A	N/A	N/A	100%	100%
Total	86%	83%	91%	82%	83%	85%

Table 2
Likelihood of Sustainability by Region

	FY03	FY04	FY05	FY06	FY07	Average 03-07
AFR	50%	N/A	50%	33%	0%	33%
EAP	100%	100%	100%	N/A	N/A	100%
ECA	N/A	67%	100%	100%	50%	83%
LCR	0%	100%	100%	67%	75%	71%
MNA	100%	N/A	N/A	N/A	N/A	50%
SAR	100%	N/A	100%	N/A	100%	100%
Total	71%	67%	82%	64%	67%	70%

Table 3
Project Outcomes by Focal Area

	FY03	FY04	FY05	FY06	FY07	Average 03-07
Biodiversity	75%	100%	100%	80%	78%	84%
Climate Change	100%	100%	80%	67%	100%	86%
International Waters	N/A	50%	100%	100%	N/A	80%
Ozone	100%	N/A	100%	100%	N/A	100%
Total	86%	83%	91%	82%	83%	85%

Table 4
Likelihood of Sustainability by Focal Area

	FY03	FY04	FY05	FY06	FY07	Average 03-07
Biodiversity	75%	33%	100%	60%	67%	68%
Climate Change	50%	100%	60%	67%	67%	64%
International Waters	N/A	100%	100%	50%	N/A	80%
Ozone	100%	N/A	100%	100%	N/A	100%
Total	71%	67%	82%	64%	67%	70%

Table 5
Achievement of Objectives by Region FSPs FY07

Rating	Region								
	AFR (42)	EAP (24)	ECA (26)	GLO (0)	IFC (11)	LCR (31)	MNA (5)	SAR (6)	Total (146)
HS	0%	0%	8%	0%	0%	0%	0%	0%	1%
S	57%	75%	54%	0%	73%	68%	20%	100%	64%
MS	29%	25%	35%	0%	18%	32%	60%	0%	29%
MU	12%	0%	4%	0%	0%	0%	20%	0%	5%
U	2%	0%	0%	0%	0%	0%	0%	0%	1%
HU	0%	0%	0%	0%	0%	0%	0%	0%	0%

Table 6
Implementation Progress by Region FSPs FY07

Rating	Region								
	AFR (42)	EAP (24)	ECA (26)	GLO (0)	IFC (11)	LCR (31)	MNA (5)	SAR (6)	Total (146)
HS	0%	0%	12%	0%	10%	0%	0%	0%	3%
S	44%	68%	46%	0%	70%	68%	17%	83%	55%
MS	44%	28%	31%	0%	20%	32%	50%	17%	34%
MU	12%	4%	12%	0%	0%	0%	17%	0%	7%
U	0%	0%	0%	0%	0%	0%	0%	0%	0%
HU	0%	0%	0%	0%	0%	0%	0%	0%	0%

Table 7
Achievement of Objectives by Region MSPs FY07

Rating	Region								
	AFR (10)	EAP (8)	ECA (4)	GLO (1)	IFC (6)	LCR (9)	MNA (1)	SAR (0)	Total (38)
HS	0%	13%	0%	100%	0%	0%	0%	0%	5%
S	40%	63%	75%	0%	17%	67%	100%	0%	53%
MS	40%	25%	25%	0%	50%	33%	0%	0%	34%
MU	0%	0%	0%	0%	0%	0%	0%	0%	0%
U	11%	0%	0%	0%	17%	0%	0%	0%	5%
HU	0%	0%	0%	0%	0%	0%	0%	0%	0%

Table 8
Implementation Progress by Region MSPs FY07

Rating	Region								
	AFR (10)	EAP (8)	ECA (4)	GLO (1)	IFC (6)	LCR (9)	MNA (1)	SAR (0)	Total (38)
HS	0%	0%	0%	100%	0%	0%	0%	0%	2%
S	30%	88%	50%	0%	50%	67%	0%	0%	55%
MS	50%	13%	50%	0%	17%	33%	100%	0%	34%
MU	0%	0%	0%	0%	0%	0%	0%	0%	0%
U	11%	0%	0%	0%	17%	0%	0%	0%	5%
HU	0%	0%	0%	0%	0%	0%	0%	0%	0%

Table 9
Achievement of Global Environment Objectives by Focal Area FSPs FY07

Rating	Focal Area							
	B (61)	C (46)	IW (20)	LD (3)	MFA (13)	O (3)	POPs (2)	Total (146)
HS	0%	0%	5%	0%	8%	0%	0%	1%
S	66%	59%	75%	100%	46%	100%	50%	64%
MS	28%	35%	15%	0%	3%	0%	50%	29%
MU	7%	4%	0%	0%	8%	0%	0%	5%
U	0%	0%	5%	0%	0%	0%	0%	1%
HU	0%	0%	0%	0%	0%	0%	0%	0%

Table 10
Implementation Progress by Focal Area FSPs FY07

Rating	Focal Area							
	B (61)	C (45)	IW (20)	LD (3)	MFA (13)	O (3)	POPs (2)	Total (146)
HS	2%	2%	5%	0%	8%	0%	0%	3%
S	57%	56%	60%	100%	31%	0%	50%	55%
MS	34%	36%	25%	0%	3%	100%	50%	34%
MU	7%	4%	5%	0%	23%	0%	0%	7%
U	0%	0%	5%	0%	0%	0%	0%	1%
HU	0%	0%	0%	0%	0%	0%	0%	0%

Table 11
Achievement of Global Environment Objectives by Focal Area MSPs FY07

Rating	Focal Area							Total (38)
	B (30)	C (6)	IW (1)	LD (1)	MFA (1)	O (0)	POPs (0)	
HS	0%	20%	0%	0%	100%	0%	0%	5%
S	50%	80%	0%	100%	0%	0%	0%	53%
MS	40%	0%	100%	0%	0%	0%	0%	34%
MU	0%	0%	0%	0%	0%	0%	0%	0%
U	7%	0%	0%	0%	0%	0%	0%	5%
HU	0%	0%	0%	0%	0%	0%	0%	0%

Table 12
Implementation Progress MSPs by Focal Area FY07

Rating	Focal Area							
	B (30)	C (6)	IW (1)	LD (1)	MFA (1)	O (0)	POPs (0)	Total (38)
HS	0%	0%	0%	0%	100%	0%	0%	3%
S	57%	80%	0%	0%	0%	0%	0%	55%
MS	33%	20%	100%	100%	0%	0%	0%	34%
MU	0%	0%	0%	0%	0%	0%	0%	0%
U	7%	0%	0%	0%	0%	0%	0%	5%
HU	0%	0%	0%	0%	0%	0%	0%	0%

Annex 1

List of Projects in the FY07 PIR
(Available in a separate attachment).

Introduction

One hundred and eight full-sized projects (and 67 medium-sized projects) have closed since the inception of the World Bank GEF Program in 1991. By GEF focal area, these include 53 biodiversity, 30 climate change, 15 international waters, 9 ozone reduction, and 1 multi-focal area projects.

This note summarizes the main lessons learned from these experiences in the three focal areas of biodiversity, climate change and international waters (see list in Annex 3 tables A-C), as reviewed by the Independent Evaluation Group (IEG) based on the Implementation Completion Reports (ICR) of these projects.

One Bank and six IFC-implemented projects were not reviewed by IEG but the lessons from the ICR, from the project completion report (PCR), or from the impact assessment (case of Poland Efficient Lighting Project) were included in this review¹¹ (see Annex 2). In addition, the ICR of the World Bank-implemented Mauritius Biodiversity Restoration was reviewed because the IEG lessons were limited.

A. Cross-cutting topics

Lessons learned were mainly in cross-cutting areas such as capacity building, learning, implementation, and local benefits. In the capacity building theme, building project and country ownership through strengthening local and national agencies appears as essential in order to increase the likelihood of achieving project outcomes. This should be planned at design stage through a capacity needs assessment and an appropriate plan for skill and institutional support to address both current and projected needs.

Learning from successes and errors again reinforces local ownership, therefore demonstrating the technical, financial, and/or environmental value of projects (based on the clear achievement of agreed benchmarks) should be a stated objective. This will also increase the chances for scaling-up, when required, successful initiatives, particularly technical or institutional innovations, and contribute to sector policy and programs. The quality of learning depends on the availability of quality management information of the activities implemented.

Lessons related to local benefits include the need to factor in provision of alternative livelihood opportunities or investments in community priorities (e.g. infrastructure) in project design in order to ensure community support. This can significantly improve project outcomes as most often, increased local incomes relieve pressure on the environment. Since these components are not always conceived adequately, a strong recommendation is to design, supervise and monitor them more carefully.

In terms of implementation, there is a clear need to prepare challenging aspects of implementation more adequately in order to avoid delays. Another recurring lesson is the importance of the continuity of supervision teams (both from the recipient and the Bank) to maintain mutual trust. Complex/innovative operations similarly need above-average inputs such

¹¹ For the Bank, the Costa Rica Tejona Wind Power Project (closed in 2002) that was implemented by IADB was not reviewed by IEG. In addition, the Bangladesh Biodiversity Conservation in the Sundarbans Reserved Forest Project that was implemented by ADB was not reviewed since it did not have an ICR.

as quality at entry and supervision. On the borrower side, coordination and leadership ensure participation and results.

Overall, the most frequent lessons across the three focal areas considered relate to capacity building. It is mentioned in all three focal areas and is the top issue for biodiversity and climate change. The next set of issues most common to the three focal areas (in no particular order) affect the specific aspects of the focal area concerned, learning and replicability issues, implementation, and basic economic needs of beneficiaries. Institutional arrangements are also common to the three topics but mentioned in a smaller number of times (see table 1).

Table 1: Cross-cutting lessons by focal area (FSP closed 1998-2006)* - Number of cases

Lesson topic	Biodiversity	Climate change	International waters
Capacity building	17	10	5
Community participation	16	2	
Conservation Trust Fund issues	9		
Coordination with associated/parent project	2	1	
Country context	2		
Decentralization	2		
Donor coordination	1		
Enabling environment	11	13	1
Financing contingency (use of SDR)	1		
Financial sustainability	8	1	2
Focal area-related issues	10	5	3
Funding (incl. counterpart, leveraged)	2		1
Governance	2	1	
Holistic approach		1	
Implementation issues	6	5	4
Institutional arrangements	2	3	4
In situ conservation	1		
Intersectoral & interministerial collaboration	2	1	3
Learning, demonstration, and replicability	8	3	6
Local basic economic needs	8	2	3
Market issues	1	6	
MIS	2		
Monitoring & Evaluation	11	5	1
Ownership	1	3	2
Partnerships	9	1	
Partnerships with NGOS	5		
Private sector participation		12	2
Procurement	2	1	
Project assumption/concept & objectives	2		1
Project management	6	5	
Public awareness and communication	4	2	2
Technical Issues		3	
Timeframe & project extensions	5	3	1
Regional projects	2		12
Safeguards	2	1	
Stakeholder participation	2	1	
Staffing	1		
Sustainability	5	3	
User rights	3	1	

*Most cited common topics in bold (at least mentioned 3 times in two focal areas).

Sustainability issues, project timeframe, learning, project management, monitoring and evaluation (M&E) issues, and the enabling environment appear most common to the biodiversity and climate change focal areas, while issues relating to regional projects are most common to international waters projects. Private sector participation (PSP) is more frequently cited for climate change. As section B.2 below discusses, in the case of climate change, PSP is linked to market factors for business-supported environment operations, itself dependent on the enabling environment –which comes up thirteen times in this focal area.

Community participation was not mentioned for international waters projects whereas it was the second most cited issue in biodiversity projects. However, international water projects do pay attention to generate benefits for local communities.

Similarly, the apparent lack of partnerships in international waters should not be misinterpreted; in fact eight of the fifteen international waters projects are regional in nature, and all have transboundary elements involving working with other countries and agencies. The main features of regional collaboration in international waters are summarized in section B.3 below as part of the discussion on that focal area.

Although in smaller proportion, public communication seems to also occur more in biodiversity than in the other focal areas. Lessons related to financial sustainability are likewise issues that are mainly recurrent in biodiversity –linked to the existence of conservation trust funds—, albeit also mentioned for two international waters projects.

The table presented in Annex 1 summarizes the lessons learned in each focal area for these common themes.

B. Lessons Learned in the Biodiversity, Climate Change and International Waters Focal Areas

B.1. Biodiversity¹²

For biodiversity projects, the main issues were capacity building (mentioned in 17 projects), community participation (16 projects), the enabling environment (11 projects), monitoring and evaluation (M&E) (11 projects), focal area-specific issues (10 projects), partnerships (9 projects), conservation trust fund-related issues and/or financial sustainability (10 and 8 projects respectively), local economic needs (8 projects), issues pertaining to learning (8 projects), and project management and implementation aspects (6 projects). Working with NGOs and sustainability issues were mentioned in 5 projects, and lessons regarding public awareness 4 times.

Capacity building. On capacity building, the recurring issue (reviews cover the period 2000 to 2004) is capacity (and governance) of central and local government agencies that are involved in project implementation, with a view to (i) build and sustain in-country capacity; (ii) increase project ownership and the likelihood of project outcomes; and (iii) ensure sustainability of activities after the project end. Several projects stress the need to strengthen local agencies rather than delegate implementation to a project implementation unit (PIU) or use external expertise.¹³ (“Ideally, project implementation becomes a mainstream function of the agency supported by private-sector consultants”¹⁴). Interestingly the comments on PIU belong to two projects implemented in 2000 and 2004 indicating that the “old lesson that enclave PIU are not good vehicles for institution strengthening” (Ecuador) may not have been systematically integrated in projects designed later (although, in the case of Ecuador, the follow-up project has incorporated this lesson into its design; for example, team members and ministry staff are operationally integrated). Planned at the design stage through appraisal and capacity needs assessments is warranted¹⁵ The assessment of institutional capacity coupled with the design of appropriate professional development and training activities is emphasized for Belarus, a country in transition where the Bank has not previously been active.

¹² Lessons that were cited at least 4 times are analyzed below.

¹³ These features apply to the following projects: Madagascar Environment Program Support, Uganda Bwindi Impenetrable National Park & Mgahinga Gorilla National Park Conservation, Ecuador Biodiversity Protection, Mexico Protected Areas Program.

¹⁴ Madagascar Environment Program Support IEG Review.

¹⁵ Uganda project and Sri Lanka Conservation and Sustainable Use of Medicinal Plants.

Emphasis on technical and management capacity including finance, procurement, monitoring and oversight capacity is also made.¹⁶ In two West Africa projects (Ghana and regional West Africa), technical capacity is described as inappropriate for environmental agency staff versus staff of other sectors (e.g. infrastructure), notably for modern wildlife management (e.g. poaching control) requiring the use of technologies such as radio/GPS, population counting.

Finally, building on and/or increasing the capacity (and authority) of non-state actors (Nicaragua), in particular local beneficiary communities¹⁷ and participating NGOs (Honduras, Bangladesh) underlines the need for biodiversity projects to improve the perception by communities of the benefits of conservation and their ability to invest their own resources to that purpose. For this, projects need to plan for sustained support beyond project end and test innovative training methods to allow the transfer of “globally (...) scientific skills” at the grass-root level (Costa Rica). Strengthened capacity also applies to targeted private sector actors, such as rural, remote small and medium enterprise (SMEs) (IFC Terra Capita trust) since these actors may need technical assistance in some complex biodiversity subsectors requiring special management skills and resource. Particular management attention and extensive technical assistance would be necessary in this case.

Stakeholder and community participation. The review confirms other findings that stakeholder, and in particular community participation,¹⁸ is essential to successful biodiversity conservation. Mentioned for projects that closed as early as 1998 up to 2005, it is described in many cases as critical to achieve biodiversity objectives, impact (Panama), and quality of investments such as infrastructure (Bangladesh), including through comanagement and capitalization of local knowledge, emphasizing local ownership and subsidiarity. Involving communities –from the design, implementation to the monitoring of interventions— allows projects to determine program targets that are more realistic and meaningful for measuring benefits to the community than the sometimes exogenously-set up, artificial targets (Indonesia: COREMAP). In the Bolivia Biodiversity Conservation project, community participation is described as the foundational element for the possible expansion of the protected areas system. Another advantage of community participation includes introducing some governance principles.¹⁹

Almost all reviews however recognize the need to establish strong preparation as well as ex-post evaluation of community participation components. Community participation should be carefully planned at design stage and/or during the first year of implementation (e.g. through social assessments). And to be really participatory, participation need to be supervised and monitored with care. Another common lesson is the need to allow necessary resources, time and efforts for better efficiency of the participation mechanisms since it takes time “for community to internalize what is needed”, “and to reach agreement on and develop a common approach” to conservation management (Indonesia: COREMAP). Similarly, community participation can not function without adequate arrangements for finance.

Enabling environment. Eleven projects recognize the importance of the “right” enabling environment and/or of understanding the local realities (Algeria) to support implementation. This includes legislation, corresponding bylaws, permits, prices, and/or contracts, as well as the broader socio-economy. When the project fail to address these issues –as the Slovak Republic

¹⁶ Philippines Conservation of Priority Protected Areas Project.

¹⁷ Panama Atlantic Mesoamerican Biological Corridor Project, Costa Rica Biodiversity Resource Project, Bangladesh Aquatic Biodiversity Conservation Project.

¹⁸ The term community-driven development is used for only one project, the Panama Atlantic Mesoamerican Biological Corridor project.

¹⁹ Ukraine Danube Delta Biodiversity, Russia Biodiversity Conservation Management, Philippines Mindanao Rural Development Project.

project that lacked adequate understanding, as noted above, not only of local and national budget laws but also of the expectations of free access to a public resource—, revenue generation and the setting up of incentives mechanisms necessary for effective conservation are compromised. Projects need to analyze such country/local conditions during preparation, and also anticipate the project’s potential impact on the overall economy when supporting policy or institutional changes (China Nature Reserves Management).

Another way GEF blended projects can address the policy and regulatory context is through coordination with the World Bank Group “parent” project (Honduras) which would then focus on policy dialogue, allowing the GEF grant to deal with practical issues in the field more effectively. Political will, support, and ownership is equally essential to bring cooperation among various parties (Bangladesh). However, pressing national political and economic problems, may undermine the possibility that biodiversity will receive the needed attention (Ukraine Azov). Finally, ownership at the decentralized level can be particularly useful for the local management, administration of local issues, and raising finances of protected areas, although local governments often efforts should often be substantially increased to fully devolve park management to local governments (Bolivia).

Monitoring and evaluation. All concerned eleven reviews mention M&E as a priority that should be integrated into project design. Most reviews argue that explicit targets and quantitative indicators are important to measure progress, outcome and impacts (Brazil: FUNBIO). The counterfactual, benchmarks and baselines should be developed through pre-project surveys (Madagascar, Ecuador), although some reviews acknowledge the partly intangible value of conservation outcomes (Cameroon). The Sri Lanka project illustrates that a standardized approach is less adequate than an M&E framework tailored to project objectives and components. Thus project indicators should be defined in relation to clear, realistic project goals, objectives and targets. Good M&E indicators are useful to (i) inform necessary decisions during implementation (e.g. cost-effectiveness of certain activities in Czech Republic; institutional development in the Ecuador Biodiversity Protection project), (ii) help design expansion in other areas –although this requires parallel strong country support (Algeria)—, or subsequent phases through communication of emerging lessons (Brazil National Biodiversity, Madagascar), (iii) or inform more broadly effective sector strategies. Also, when a project is funded by several donors, a common results framework increases the manageability of project and donor accountability (Benin). The operationalization of the M&E system (and MIS) requires financial resources and good quality staff (Philippines: Mindanao project).

Specific biodiversity focal area issues. Four issues specific to biodiversity are documented as summarized below.

- (a) *Comanagement.* Comanagement of protected areas by indigenous groups and/or NGOs requires good financing arrangement upfront along with clear (written) responsibilities, reporting, accounting and oversight (Bolivia, Honduras). Simple cost-effective actions can serve as entry points for working with communities by improving their perception of benefits and active participation, before more costly activities can begin, as shows the example of open water fisheries in Bangladesh.
- (b) *Holistic approach.* Three reviews stress the need to take a broad look at the various stakeholders’ interests and incentive structures and develop a coherent integrated/multisectoral approach to protected areas management incorporating, inter alia, preservation and enhancement of livelihoods and attention to governance (Mexico, Indonesia: COREMAP, Madagascar).
- (a) *User rights and equity.* Given the frequent “people/parks conflicts” in biodiversity GEF and Bank projects globally, the review of the Romania project points out the necessity to pay greater attention to potential disputes regarding land restitution at the borders of the parks, equity issues, and user rights (logging, grazing, species collection, etc.) and obligations (reforestation). In Bangladesh, securing long-term user rights and access to

common (inland) property resources requires resolving broader enabling institutional problems.

- (b) *Integration in SME business plan.* The IFC experiences show that if SMEs are to achieve biodiversity benefits then integration of their biodiversity management plan with regular business plan is a prerequisite, otherwise the added value to the business may not sustain.

Partnerships. Partnerships issues are analyzed for projects where more than one international or national agency is involved in design and implementation. Partnerships in GEF biodiversity projects are important because they allow greater impact than would be possible with the small size of GEF interventions (Congo). They appear most relevant in providing specific technical support and guidance (Nicaragua), mainstreaming development efforts in different sectors, and leveraging outputs, using comparative advantage of different actors (government, NGOs, private sector, academia). (Partnerships with NGOs are specifically analyzed for five projects below.) For instance, partnerships can facilitate implementation when one agent (e.g. community) has low capacity (West Africa); the private sector may have greater expertise for community-based revenue generating activities, productive industry can be more effective by integrating biodiversity concepts and accounting (Brazil National Biodiversity). In terms of structure, a clear definition of roles and responsibilities (Lake Malawi) is recommended (e.g. through *memoranda* of understanding). In case several international agencies are participating, their involvement during project identification enhances project effectiveness (Uganda: Capacity Building for Protected Areas Management and Sustainable Use). But during implementation, their respective operational policies and procedures need to be harmonized to ensure smooth operation and easy compliance (Kenya). One other type of partnerships is the collaboration across international boundaries between parallel but independent projects (Romania Danube project).

Conservation trust funds. Emphasis on self-sufficient generation of revenues needs to be a major part of project design and implementation arrangements of biodiversity conservation projects (in the case of the Bolivia Sustainability of Protected Areas project, this was achieved through establishing and capitalizing a trust fund for financing protected areas operating costs, monitoring financial performance, developing mechanisms for collecting user fees and for contributions by LG).

In order to address sustainable funding of protected areas operation, ten other biodiversity projects reviewed by IEG have set up endowment systems:

1. Benin National Parks Conservation & Management Project
2. Uganda Bwindi & Mgahinga Park Conservation Project
3. Slovak Republic Biodiversity Protection Project
4. Bolivia Biodiversity Protection Project
5. Brazil Brazilian Biodiversity Fund
6. Mexico Protected Areas Program
7. Peru National Trust Fund for Protected Areas
8. Bhutan Trust Fund for Environmental Conservation
9. Regional Terra Capital Fund (IFC)
10. Ecuador Biodiversity Protection Project

This experience has yielded several key, albeit nuanced lessons, over the past decade. The Mexico project led to the conclusion that this model is more efficient to ensure sustainable funding in poorest countries when donor funding stops. A core set of lessons is that trust funds require a strong institutional and legal framework that clearly defines roles and responsibilities and collaboration between the parties (with some technical support during appraisal), strong government and community buy-in, and tight management (e.g. private expertise). For instance, in the case of Peru, evaluators recommend that the trust fund's board of directors comprise individuals with private sector financial management and investment expertise; and that the

portfolio manager contracts include guidelines for investment risk, asset quality and portfolio diversity, as well as performance indicators. On the financial side, trust funds are best effective when the Bank and other donors provide reliable bridging finance to cover setting-up overhead costs. Then, trust funds should develop innovative capitalization approaches, based on a good understanding of local/national budget laws and historic expectations (e.g. free access to a public resource, Slovak Republic). However, for financing SMEs, such funds may not be appropriate since they provide high and quick returns whereas SMEs often look for financing other than equity (e.g. long-term debt or working capital).

The lesson from the Brazil Biodiversity Fund is that since it focused on conservation projects outside the realm of traditional government responsibilities, it did not confirm that trust funds lead to decrease in government funding of protected areas by substituting trust fund financing. Along the same lines, the Benin project concludes that given the complex financial and administrative arrangements of trust funds and opportunity cost of securing the needed capital, simpler means of securing recurrent cost financing should be considered and should not supplant the need for long term political commitment by the government for recurrent budget support for protected areas management.

Local economic needs. Most reviews recognize the importance of including the provision of alternative income opportunities or investments in community infrastructure as a primary objective (Cameroon, Kenya, Madagascar, Uganda: Bwindi Park, Brazil: FUNBIO, Costa Rica, Mexico) in order to ensure communities' interest in the project and active support during implementation. Scarce resources may be jeopardized when community vital needs remain unmet. One way the Costa Rica project supported local income opportunities was by employing local experts in taxonomy. This resulted in additional local incomes which in turn relieved pressure on the environment. The Mexico review highlights the need to carefully design, supervise, and monitor income generating activities.

Learning value. Eight reviews highlight the learning value and/or adequate management of information on project activities (including errors made) in order to (i) improve community's attitude for resource management (West Africa, Bangladesh); (ii) for informing follow-up projects design (Mauritius, Uganda: Institutional Capacity Building for Protected Areas Management and Sustainable Use Project), and replication purpose in the country, the region or globally (Brazil: National Biodiversity, Costa Rica); (iii) contribute to sector policy, strategy and conservation actions (Bangladesh); or (vi) scaling-up (India). The Bank should strive to disseminate lessons to governments, educational and private entities to optimize past experience.

Project management. Several reviews present lessons for project management, although only some are GEF-specific. Overall, decentralized decision-making can expedite implementation. For instance, in Russia, regional associations of protected areas and eco-networks were effective alternatives to the centralized approach (Russia). However, such decentralized implementation structure needs to be well defined and transparent (Uganda: Bwindi Park). When many sub-projects are to be funded, sub-project selection should be independent, cumulative and competitive (e.g. against an objective list of selection criteria), and financial management kept easily manageable with detailed and separate financial management systems for each subproject (Brazil: National Biodiversity). Results-based disbursement and contracting is also advised (Madagascar), as well as a learning-by-doing approach that facilitates devolution of responsibilities among units (Indonesia: Mindanao project). Regarding supervision, continuity of task teams (both for recipient and Bank side) is important to maintain mutual trust and understanding throughout implementation (Turkey).

Design and implementation issues. Three issues related to project design and implementation are documented, as summarized below.

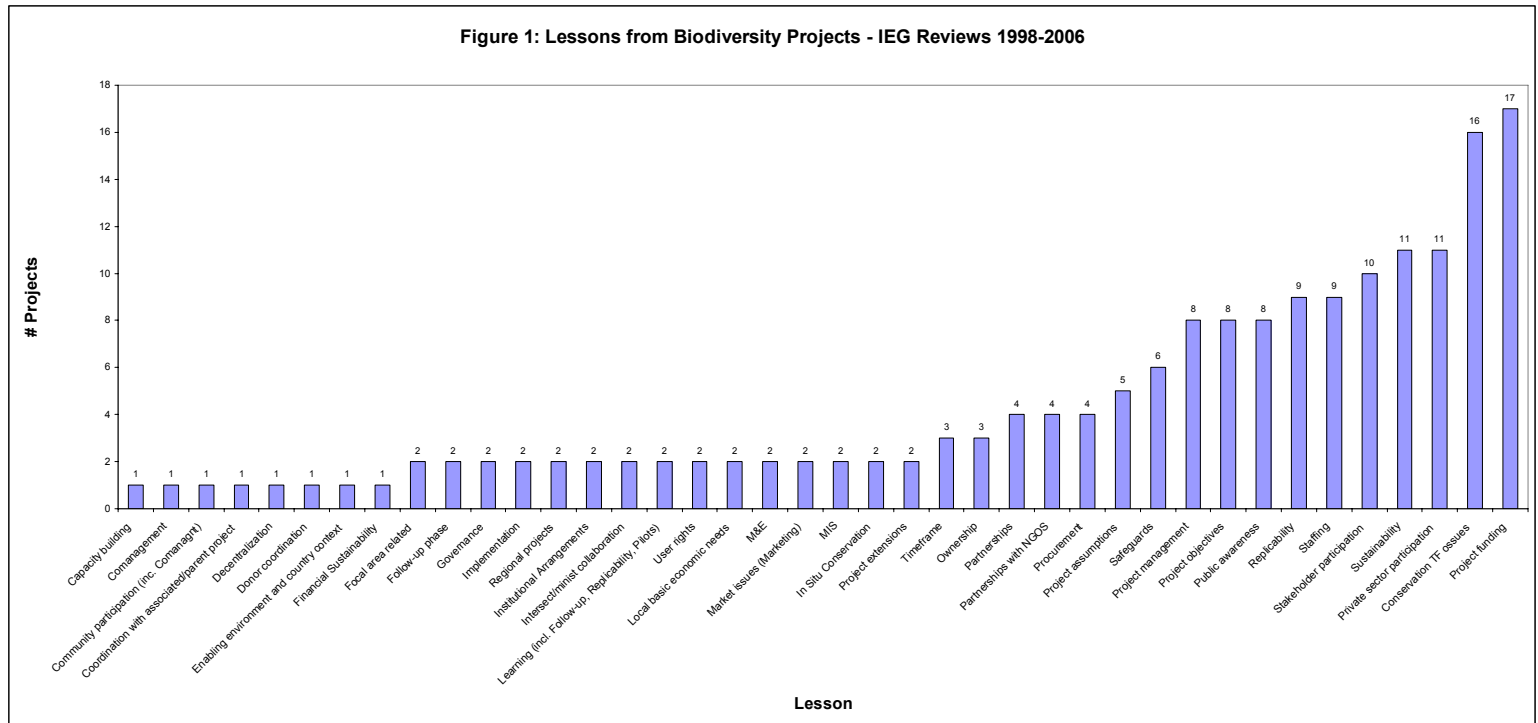
- (a) *Flexibility, timeframe, complexity.* The Philippines (Mindanao), Bolivia and Bangladesh projects illustrate the need for a learning-by-doing approach, with devolution of responsibilities among units. Projects should have a margin of flexibility to quickly adapt execution to unforeseen changes (e.g. institutional change), especially in the case of CDD operations (government with rigid systems may need training to adopt such approach). Good setting-up of some key aspects of implementation such as procurement for studies at the preparation stage can also avoid delays in the outcomes (Bangladesh). In particularly complex and large projects (Zimbabwe), the preparation phase is even more important.
- (b) *Eligibility of expenditures.* The Kenya project shows that the eligibility of certain expenditures that may be controversial (e.g. relocation) must be agreed upon at an early stage, together with related costs.
- (c) *Detached components.* In the China Nature Reserves Management Project, it was found that delay could be avoided by carrying out elements in parallel, ensuring that one element does not hold up the implementation of others.

Communication and public awareness. Experience evidences that awareness programs are essential to GEF biodiversity projects. In addition to generally promote public education on the need for environmental conservation (Nicaragua), these programs should be used to inform local users of project objectives and obtain their collaboration in ecosystem management. Awareness campaigns should be well-planned and implemented early, particularly in countries where public participation has been minimal (both Ukraine projects: Transcarpathian Biodiversity Protection and Danube Delta Biodiversity). Communication programs are also key to seek replicability by integrating the results into policy at the local, regional and national levels.

Working with NGOs. NGOs have a special role in GEF projects. While eight projects mention partnerships in general (see above), five reviews had specific sections regarding NGOs (Congo, Ghana, Mozambique, Philippines, Honduras). Some remarks are similar to the general partnership ones (e.g. the need of clear spell out roles at the outset, Mozambique Transfrontier Conservation Areas Pilot and Institutional Strengthening Project; the promotion of the environmental agenda and good governance, Ghana). One specific concern is the need to carefully assess the capacity of NGOs. When NGOs lack capacity to implement management plans, they may not be adequate partners (Honduras, Philippines: Conservation of Priority Protected Areas). A broader recommendation is to promote an enabling environment that would allow civil society to support conservation. Finally, the design of the project itself must also be appropriate for implementation by NGOs.

Sustainability (see also above conservation trust fund specific lessons). The sustainability of GEF cofunded biodiversity projects is a recurrent issue. Global (intangible) benefits and the commitment of stakeholders are difficult to maintain over time, especially the continued motivation (and financial viability) of communities when program support phases out (India). Financial sustainability in particular seems to require great attention “because of the underlying dilemma” (analyzed by the IEG Review of the Algeria El Kala National Park and Wetlands Management Project) that GEF grants support investments for global benefits while sustainability would require that countries take over financing in the future based on national interests. Several reviews confirm that sustainable funding of environmental conservation maintenance mainly depend on budgetary support which requires long-term political will. Thus operating costs, expected budgetary support and various means of cost recovery (e.g. royalties, fees, private investments, tourism taxes) should be more systematically identified at appraisal, not left to supervision and completion (Turkey, Russia, Ghana). In particular, there is a need to ensure that these revenue-generating mechanisms for protected areas are socially and politically viable (Czech Republic). For the poorest countries, financial sustainability may potentially be only

possible with continued donor support, although in the case of regional project, counterpart cash contributions (even modest) demonstrate interest (Africa Regional Environment Information Management Project).



B.2 Climate Change²⁰

For climate change projects, the three main issues are related to the enabling environment (13 projects), private sector participation (12 projects), and capacity building (mentioned in 10 projects). Linked to private sector participation (PSP), market-related issues were mentioned in 6 projects, while project management, focal area-related, implementation, and M&E lessons in six project 5 times each.

Enabling environment. Many reviews underscore the importance of a supportive enabling environment. This encompasses legal, regulatory and sector policy, the varying interests (Argentina Efficient Street-Lighting Program), as well as of political commitment –all most often underpinned by the broader socio-economic context (Poland Efficient Lighting Project). Lack of appropriate legislation applicable to the sub-sector concerned can cause significant delays in the processing of implementation, including permits and contracts needed, and may discourage other partners’ participation in future projects. GEF projects can have the removal of regulatory barriers as an objective, as in the case of the renewable energy in Mexico. Rural energy experience illustrates the key role of the enabling environment to ensure a “well functioning sustainable woodfuel supply system” (Senegal). From a technological perspective, in the area of solid waste management (Mexico Methane Capture and Use), care should be given to adapting foreign technology and simulation models to local conditions to avoid the risk of misprojecting outcomes and costs. Finally, support from government (and major energy sector entities) is particularly critical for countries in transition to ensure consistency and continuity in the absence of adequate policies, for instance regarding contractual arrangements (China Fuel Efficient Industrial Boilers, Lithuania, Poland Zakopane/Podhale Geothermal District Heating and Environment Project), and more generally for projects to achieve their objectives (Jamaica).

²⁰ Lessons that were cited at least 4 times are analyzed below.

Private sector participation and market-related issues. Private sector participation (PSP) is a major feature of GEF climate change investments, ranging from private investors to financial sector involvement (India). One lesson is that collaboration with private contractors can be more efficient than piecemeal donor financed technical assistance (China Sichuan Gas Transmission and Distribution). For example, PSP can help longer term and more consistent management of reuse plants since it would benefit from revenue generated from emission reductions, which can then be invested in social and environmental programs as the Mexico methane capture project demonstrated. Yet there are a number of challenges to engage the private sector. First, when cost savings (e.g. for energy efficiency projects) are relatively small, notably in rural areas, the private sector may be reluctant to use Bank funds due to its institutional requirements (Mauritius) (when foreign exchange may be available from other sources). The issue of competitiveness of energy alternative technologies is mentioned in several cases (Philippines, Leyte-Luzon Geothermal, Czech Republic, Poland geothermal project, Indonesia Solar Home Systems Project), in particular the possible difficulty to ensure the financial viability of projects aiming at covering incremental global costs and thus to encourage private firms to enter new energy markets –hence the need of grants (from GEF or other sources). In this regards, the Jamaica project shows that a power producer may not be the ideal project executor because the company’s goals may not be consistent with Demand-Side Management (DSM). Such grant-based incentive may scale down at later stages to facilitate transition to truly commercial operations, providing companies for opportunities to adjust product lines and business models to meet changing markets (Indonesia). Incentives to manufacturers can also enhance broader market transformation (Poland Efficient Lighting Project), for instance long term loans, such as those supported by the Sri Lanka for renewable energy private investors. Support to financial organizations is equally important for rural interventions, in particular to increase their knowledge of the market (Indonesia). Equally useful can be to include both standards (e.g. excessive service levels, low efficiency, losses, high utilization cycles, maintenance, rate determination, power purchased, time discrimination, reactive energy) and technical assistance in the concession contracts and agreements with the companies (Argentina Efficient Street-Lighting Program). Overall, flexibility in the project design to adapt to changes in dynamic energy market conditions would encourage more private sector participation (Tunisia, Czech Republic). A related lesson for PSP is the importance of an appropriate enabling environment including a cohesive sectoral approach and adequate regulation, for instance for safety rules, pricing, investment planning, financial and risk management (China Sichuan Gas Transmission and Distribution Project, Philippines geothermal project, Mexico Methane Capture). Another recommendation, in particular for Solar Home System-focused projects, is the need to target both households and institutional segments to achieve development impact (Indonesia). Such impact can be considerably enhanced if farmers are simultaneously helped to diversify cultivation and to market their crops (Mexico Renewable Energy for Agricultural Productivity). This equity issue is further developed in the case of India photovoltaic project in the focal-area issues below.

Capacity building. Capacity needs for GEF climate change projects appear critical in the following areas: institutional capabilities at both central (government, implementing agency) and local levels (municipalities, NGO) to plan, implement and enforce rules and regulations (Mali, Poland Geothermal); supervision and evaluation of decentralized subprojects (Poland Coal-to-Gas Conversion); a focus on power sector skills and generally, adequate human and financial resources (Poland Efficient Lighting Project, Mauritius); support to data networks (CARICOM). The necessary skills need to be assessed at the design stage to identify gaps and appropriate strategies for support. Substituting external expertise for deficient local capacity undermines project ownership and adversely affects outcomes (Thailand Energy Efficiency, Sri Lanka), although reviews recognize that for some specific sub-sectors (e.g. solar development), high risk and low return often impede attracting the most entrepreneurial partners. Building capacity in municipal authorities can likewise be compromised by the short administration periods and so the capacity enhancing process (and dissemination, in the case of landfill gas capture and use) should

begin early, continue throughout implementation, and should even be standing programs of the State Government in order to maintain municipal buy in (Mexico Methane Capture and Use at a Landfill-Demonstration Project).

Project management. Quality project management for climate change operations requires the active involvement of experienced local institutions (both public and private) that possess local technical capacity and knowledge of local issues (IFC Argentina Efficient Street-Lighting Program) as project execution must be contextually appropriate (Poland PELP). On the Bank side, complex operations need above-average inputs and stable Bank resources (Philippines Leyte-Luzon Geothermal Project).

Focal area-related issues. Three issues specific to climate change interventions are documented as summarized below (projects closed between 2000 and 2004).

- (a) *Introduction of energy efficiency.* GEF can make a difference for the introduction of energy-efficient technology, especially through sustained support at all stages of the product introduction cycle –design, demonstration, manufacture and marketing (China Fuel Efficient Industrial Boilers).
- (b) *Country ownership.* The Caribbean initiative for Adaptation to Climate Change (CARICOM) however underlines the possible danger that GEF/UNFCCC may be seen as an opportunity to capture funding rather than encouraging country efforts to address adaptation.
- (c) *Rural access and affordability.* Affordable financing accessible to rural consumers is essential for selling energy-efficient products in rural areas (e.g. photovoltaic in India), while at the same time considering profitability (Indonesia Solar Home Systems).

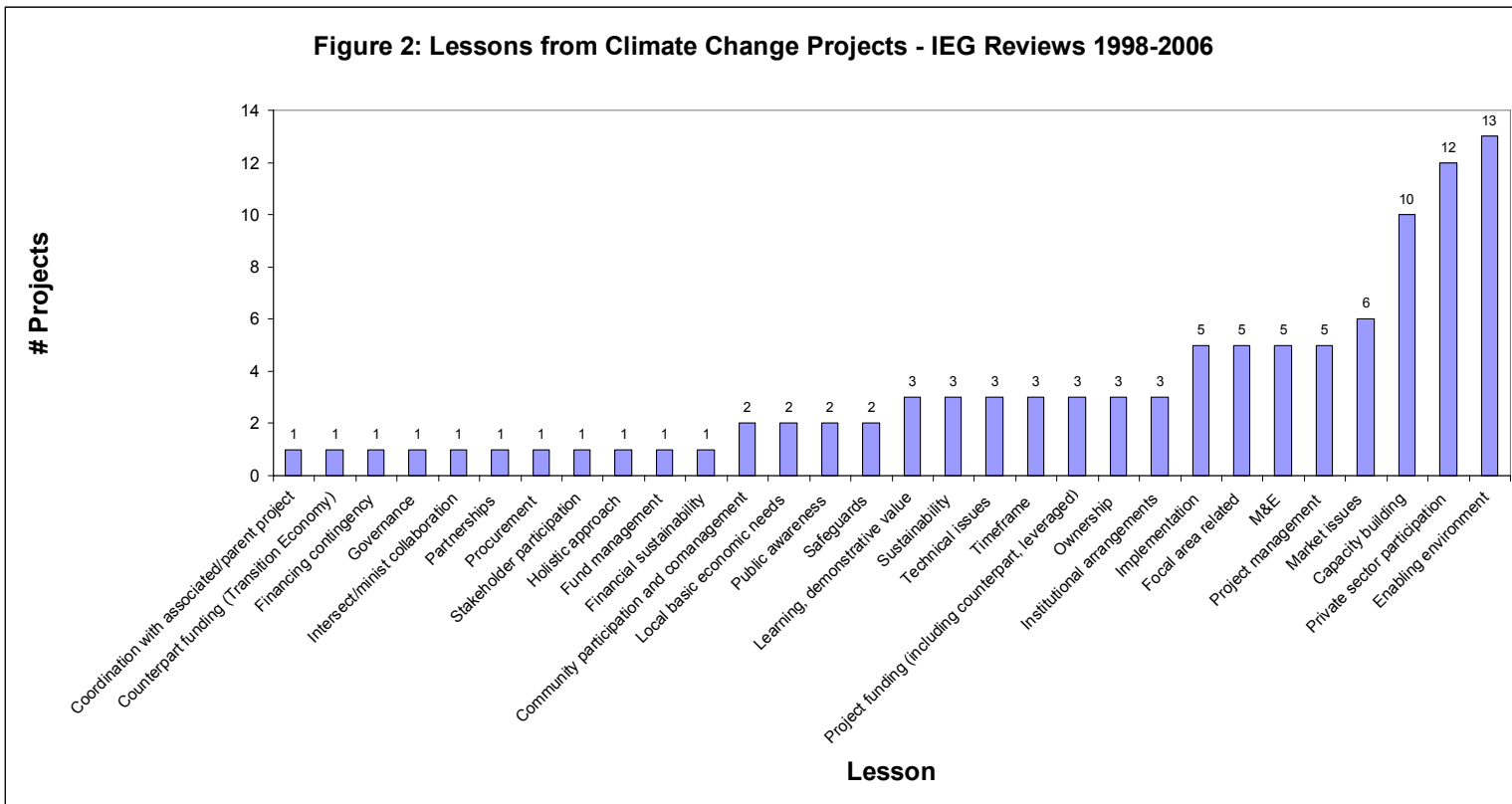
Implementation issues. Five projects generate lessons regarding three specific implementation aspects: flexibility, oversight, and safeguards.

- a) *Flexibility:* The design and implementation of innovative and/or risky projects requires flexibility and adaptation to different contexts and good analysis of the potential problems such as access to finance, market development issues, servicing, monitoring, etc. (Sri Lanka Energy Services Delivery, Mexico Renewable Energy for Agricultural Productivity), for instance, the possibility to use alternative institutional arrangements, partnerships or delivery mechanisms, i.e. public, private, NGOs, CDD, commercial banks, MFIs, retail.
- b) *Demonstration pilots need strong oversight:* In pioneering and demonstration type of projects, the Bank and the borrower should likewise ensure extensive oversight over design and implementation to minimize technical problems (Lithuania Geothermal).
- c) *Safeguards:* In the specific case of coal projects, additional supportive measures should be in place to reduce adverse environmental and health impacts, such as the closure of specific high-polluting thermal generating plants (China Sichuan Gas Transmission and Distribution, Philippines Leyte-Luzon Geothermal). Overall, quality at entry including social safeguards, risk, etc. is a critical success factor for project implementation.

Monitoring and evaluation. Five projects have generated specific lessons regarding M&E. All cases underline the need to have agreed benchmark indicators to be able to monitor and report on results, such as long term financial feasibility, especially in the case of a new technology. Key project indicators should be also flexible and adapted during implementation as conditions change and the project develops (Brazil Energy Efficiency), as well as include indicators on changes in beneficiary income (Mexico Renewable Energy for Agricultural Productivity). If innovative operations are to demonstrate value, rigorous monitoring and reporting of results must follow

(Mexico High Efficiency Lighting Pilot). Overall, monitoring and follow-up should be an important component, and could be embedded for instance, in the agreement with the investee (IFC Solar Development Group).

Figure 2: Lessons from Climate Change Projects - IEG Reviews 1998-2006



B.3 International Waters

For international waters projects, the main lessons relate to regional projects (12 times), learning (6 projects), and capacity building (5 projects). Implementation issues and institutional arrangements are both mentioned four times (covered below in the “regional project” subsection). Focal area-related, and basic local needs are mentioned in three projects respectively.

Regional projects. Eight of the fifteen closed international waters projects reviewed are regional, while the others have strong transboundary elements. The lessons from this experience include:

- (a) *A selective approach is need when the countries involved have differing economic and commitment levels.* When countries are at differing economic and social levels and have varying degrees of political commitment to the regional goals and/or organization, the Bank should select regional activities and approaches carefully in terms of what can be achieved and at what level. For instance, core regional issues (such as navigation and/or oil spill contingency planning) can be dealt at regional level while bilateral or issues with more limited transboundary aspects (e.g. integrated costal zone management) are best addressed through a series of country projects (regional Strategic Action Plan for the Red Sea).
- (b) *A common framework fosters cooperation, commitment and efficiency.* When promoting transboundary approaches, a regional body is best placed to coordinate project activities (Western Indian Ocean Islands Oil Spill Contingency Planning Project). Institutional coordination also needs to be supported by a common regional framework and an inclusive approach where all countries are involved from preparation to monitoring and evaluation. This will at the same time build country commitment to environmental

conservation, address some of the key institutional coordination and implementation issues (inherently complex for port and coastal environmental management, for instance, due to the overlapping jurisdictions of different departments and ministries, port authorities and private interests), reduce procurement costs, and promote experience sharing (Regional Oil Pollution Management Project for the Southwest Mediterranean Sea, Egypt Red Sea Coastal and Marine Resource Management, Wider Caribbean Initiative for Ship-Generated Waste). The same remark applies to cross-sectoral operations, for instance coastal zone management, where multiple implementing agencies are involved. A common framework of action is needed from the beginning to ensure consistency between the project objectives and components (Red Sea Coastal and Marine Resource Management Project).

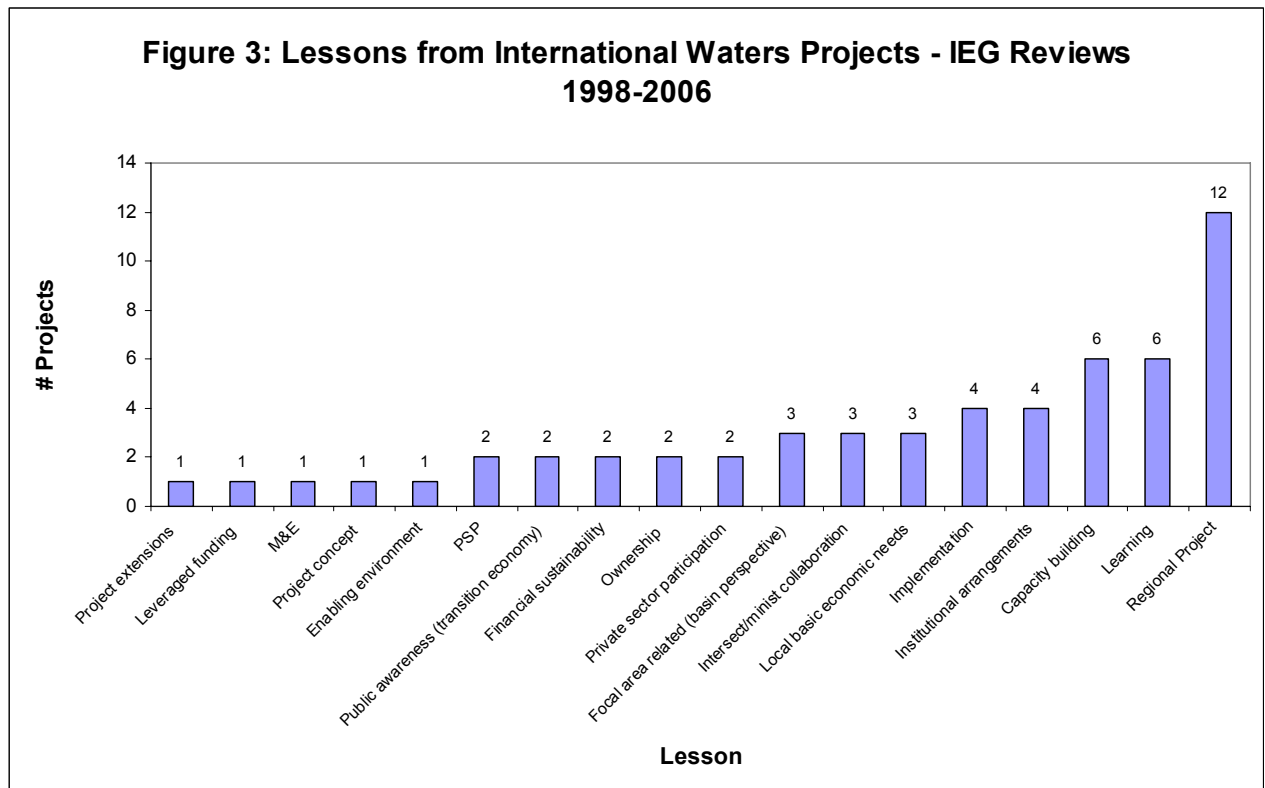
- (c) *Clear objectives and responsibilities, but flexible design, are needed.* Although a sound approach to build a shared strategy to tackle a common problem, regional projects are complex and can create bureaucratic challenges because of the different legal systems and languages involved. Therefore regional projects need great clarity of project objectives, monitorable frameworks at multiple levels, and adequate mechanisms for governance. In particular responsibilities between the GEF implementing agencies and the national executing agencies should be clearly spelled at the design stage (Kenya, Tanzania and Uganda Lake Victoria Environment projects, Wider Caribbean Initiative for Ship-Generated Waste Project). Regional dimensions of national projects may be vulnerable to failure if one of the partners (countries) doesn't deliver on agreed joint plans. Having a flexible project implementation schedule (Wider Caribbean Initiative for Ship-Generated Waste), and even, a relatively longer project duration (Lake Ohrid Management Project), can help address this risk when countries with different sizes, capacities and development needs are participating. At the same time, public awareness and education are essential to ensure "buy-in" for major changes (OECS Countries Ship-Generated Waste Management Project).

Learning. The GEF international waters focal area strategy emphasizes “targeted learning” as a key objective and as a basis for replication of successful demonstrations (which is a GEF broader objective). Many projects of the IW portfolio have incorporated this objective as part of their design. The main outcome and challenges during implementation are as follows: a) The Lake Victoria and Gulf of Aqaba Environmental Action Plan cases show that scientific research and GIS applications for instance, provided they are made widely accessible, can provide usable information for decision making, planning and monitoring. b) Pilot projects can trigger simulated responses, such as training exercises for potential oil spills as happened in the China Ship Waste Disposal Project. c) At higher level, pilot projects can have a demonstrating value to clients, showing the importance of environmental benefits to overall development (Strategic Action Plan for the Red Sea).

Capacity building. The success of regional cooperation for international waters management and of the necessary cross-sectoral collaboration appears to depend greatly on the capacity of a range of ministries and organizations (e.g. health, port corporation, private sector, NGOs, police) to implement activities and plan investments in an integrated manner. It also depends on the ability of projects to address both current and projected needs so that capacity is left behind to continue delivering environmental and economic benefits after project closure (Kenya, Tanzania, Uganda, Gulf of Aqaba Environmental Action Plan). A parallel lesson, much like some biodiversity projects underlined (see B1) is that skills need to be strengthened at the national and local levels as a mean to increase country ownership: the regional ECA Water and Environmental Management of the Aral Sea Basin project shows that country-level line agencies should be given more responsibilities, as opposed to ad-hoc implementing agencies. Finally, the MNA Strategic Action Plan for the Red Sea shows that the Bank can make a difference in enhancing capacity for managing international waters interventions through strengthening cooperation and showing results on the ground.

Implementation. As noted above, there should be a trade-off between activities implemented at the regional level and activities implemented at the country level in the design of the projects (Strategic Action Plan for the Red Sea). Likewise, responsibilities between the GEF implementing agency and the country executing agency must be spelled out clearly. In terms of day-to-day implementation, team work within both the Bank –through multidisciplinary and stable teams—, and good coordination and leadership on the borrower side are the main two factors to ensure results (China Ship Waste Disposal, Lake Ohrid).

Basic local economic needs. The three Lake Victoria Environment projects show that environmental benefits must be strongly linked to improved livelihoods for local communities.



Annex 1

Table: Similarities and differences of common lessons by focal area (in alphabetical order) (highlighted in bold)

Topic	Lessons		
	Biodiversity	Climate Change	International Waters
Basic economic needs	<ul style="list-style-type: none"> • Including provision of alternative income opportunities or investments in community infrastructure as a primary objective ensures communities' support and project success (e.g. employing local experts). • Increased local incomes in turn relieve pressure on the environment. • Design, supervise, and monitor income generating activities carefully. 	<ul style="list-style-type: none"> • Supporting community NR-based income-generating activities to complement the economic benefits of woodfuel management necessary to ensure communities maintain incentive and to increase community incomes. • Priorities of local recipients should be recognized in project design. 	<ul style="list-style-type: none"> • Environmental benefits must be strongly linked to improved livelihoods for local communities.
Capacity building	<ul style="list-style-type: none"> • When targeted at central and local levels, increases longer-term country capacity; project ownership, success and sustainability, community perception of benefits and ability to invest their own resources in conservation; and governance. • More important to strengthen local agencies than creating PIUs. • Should be planned at design stage through capacity needs assessments and followed up by particular management attention. • Special professional development needed for transition countries. • Technical (particularly in Africa) and management capacity (finance, procurement, monitoring, oversight) needed -environmental agency staff often suffers from undercapacity compared to other sectors. • Community and NGO capacity emphasized too, as well as rural private sector if targeted. 	<ul style="list-style-type: none"> • Institutional capabilities at both central and local levels essential for planning, implementing and enforcing regulations. • Focus on power sector skills, adequate human and financial resources. • Assess capacity needs at design stage to identify gaps and appropriate support. • Increases ownership and improve chances for outcomes. • Difficulty of attracting most entrepreneurial people in solar development (high risk, low return). 	<ul style="list-style-type: none"> • Strengthening local capacity is a mean to increase country ownership. • Address both current and projected needs.
Enabling environment	<ul style="list-style-type: none"> • Failure to understand local/national budget laws and expectations compromises outcomes and incentives for conservation. • Removal of regulatory barriers to conservation can be a project objective. • Coordination with "parent" project can make policy dialogue favor the implementation of the GEF component. • Political will and support brings cooperation among parties. • More urgent national political and economic problems undermine attention to biodiversity. 	<ul style="list-style-type: none"> • Legal, regulatory, policy and political commitment are often underpinned by the broader socio-economic context. • Key role of well functioning sustainable system for rural energy. • Government support critical for countries in transition. 	<ul style="list-style-type: none"> • Established regulatory and management regimes are needed for replication in other countries, or such regimes must be first established and tested.
Focal area-specific	<ul style="list-style-type: none"> • Comanagement by indigenous groups and/or NGOs requires good financing arrangement upfront, clear written responsibilities and supervision. • PA management should integrate preservation and enhancement of livelihoods and attention to governance. • Pay greater attention to land restitution, equity, user rights and obligations, which can entail addressing broader institutional issues. • Simple cost-effective actions can serve as entry points for working with communities before more costly activities. • SMEs need to integrate biodiversity management plan in regular business plan. 	<ul style="list-style-type: none"> • GEF can make a difference in introducing energy-efficient technology through support throughout the product introduction cycle. • Risk of capture funding for GEF/UNFCCC. • Attention to affordable financing accessible to rural consumers is essential. 	<ul style="list-style-type: none"> • Regional approaches need to be selected carefully when countries involved have differing economic and commitment levels. • A common framework fosters commitment and efficiency. Clear objectives are responsibilities, but flexible design, are needed for regional projects.
Implementation and project management	<ul style="list-style-type: none"> • Decentralized decision-making can expedite implementation. • Subproject selection should be independent, cumulative and competitive and financial management kept easily manageable 	<ul style="list-style-type: none"> • Implementation requires involvement of experienced local public and private institutions that possess local technical capacity and knowledge. • Project execution must be contextually 	<ul style="list-style-type: none"> • Trade-off between activities implemented at the regional level and activities implemented at the country level. • Multidisciplinary and stable Bank

	<ul style="list-style-type: none"> Results-based disbursement and contracting is advised. Careful preparation avoids delays in outcomes, particularly in complex projects or for some challenging aspects of implementation. Continuity of task teams for supervision recommended for both recipient and Bank to maintain mutual trust. 	<p>appropriate.</p> <ul style="list-style-type: none"> Complex/innovative operations need above-average inputs (e.g. quality at entry)/supervision, and stable Bank resources. Innovative/risky projects also require flexibility and adaptation to different contexts in terms of delivery mechanisms, institutional arrangements. 	<p>teams and strong borrower's coordination and leadership ensure participation and results.</p> <ul style="list-style-type: none"> Responsibilities between the implementing and the executing agencies must be spelled out early.
Institutional arrangements	<ul style="list-style-type: none"> Agency preferably outside Ministry's administrative constraints should be considered. PIU can provide a team of technical consultants rather than the politically involved Ministry employees. Privately managed advisory firms are more effective than state ones. Local Implementation Teams perform their job better because they are not weighted by the administrative constraints of their home institutions (Poland Rural Environmental Protection) Regional organization coordinating a decentralized network of specialist agencies preferable to centralized body with high overheads, non-participatory management and low sustainability 	<ul style="list-style-type: none"> Placement of DSM project within a power producer may not be ideal because the company's main goals may not be consistent with DSM. One (rather than three agencies) can better manage a project. 	<ul style="list-style-type: none"> Give more responsibilities to country line agencies for greater ownership. Rotational chairmanship of regional organization increases ownership. Clearly spell out responsibilities of implementing and executing agencies. Regional organization can best execute or supervise projects. Need common framework for consistency between objectives and activities/components.
Learning, demonstration, and replicability	<ul style="list-style-type: none"> Learning from success and errors reinforces community incentives and attitude in resource management, improves follow-up projects design, capacity building and local buy-in, and replication or scaling-up, and contribute to sector policy, strategy and conservation actions. Establish adequate management information of the activities implemented. The Bank should strive to disseminate lessons to governments, educational and private entities. 	<ul style="list-style-type: none"> Demonstration of both the technical and financial feasibility, and impact on global environment (e.g. from disposal methods to prevent water contamination; collection of methane for electricity) of new technology is key for acceptability and replicability. This demonstration must be based on achievement of agreed benchmarks. 	<ul style="list-style-type: none"> Learning is a key objective. Basis for replication of successful demonstrations. Challenges include the wider of accessibility scientific research and GIS applications for decisions, planning and monitoring. Pilots can trigger simulated responses (e.g. oil spills) and show environmental value.
M&E	<ul style="list-style-type: none"> M&E is a priority, it should be integrated into project design. Explicit targets and quantitative indicators are important to measure progress, outcome and impacts (developed through pre-project surveys) Project indicators should be defined in relation to clear, realistic project goals, objectives and targets. M&E helps inform decisions during implementation; design expansion in other areas or subsequent phases, and or inform sector strategies. If several donors involved, common results framework increases manageability and donor accountability. M&E system (and MIS) requires adequate financial resources and staff. 	<ul style="list-style-type: none"> Solar development investor agreement may be conditioned to fulfilling regular monitoring and follow-up (Solar Development Group). Quality at entry is success factor (Philippines). Demonstration of financial feasibility of new technology should be based on benchmarks indicators, and rigorous monitoring and reporting of results. 	<ul style="list-style-type: none"> M&E system need to integrate performance indicators, objectives, outcomes, outputs components (Lake Ohrid).
Private Sector Participation		<ul style="list-style-type: none"> More efficient than donor TA to ensure longer term management. Challenges include: low cost savings in rural areas (EE); WB institutional requirements; low competitiveness of alternative technologies and related financial viability to cover incremental global; power producer's goals may not be consistent with DSM. Incentives (GEF grants) provided may scale down at later stages to facilitate transition to commercial operations and enhance broader market transformation Should also support financial organizations in rural areas. Project design must be flexible to adapt to energy market dynamics. Importance of enabling environment (sectoral approach and regulation). 	<ul style="list-style-type: none"> Dialogue with polluters can bring consensus. PS support is desirable and possible for oil spill projects.

		<ul style="list-style-type: none"> • Target both households and institutional segments to achieve development impact and ensure equity. 	
Sustainability, including financial sustainability	<ul style="list-style-type: none"> • Requires continued motivation and financial viability of participating agencies and communities. • Depend on budgetary support which requires long-term political will. • Expected budgetary support and cost recovery to be identified at appraisal. • Revenue-generating mechanism for PA should be socially and politically viable. • Financial sustainability may be only possible with continued donor support in poorest countries. 	<ul style="list-style-type: none"> • Managed production needed throughout the country for sustainable systems to remain so. • Need to sustain capacity to raise awareness on EE/DSM benefits to ensure long-term change towards EE. • Consider planning for additional follow-up activities. • Political buy-in vital to sustainability. 	<ul style="list-style-type: none"> • Weak point of GEF projects. • Use of earmarked taxes for O&M increases sustainability. • Cost-recovery mechanisms help ensure financial sustainability.

Annex 2

IFC projects closed

IFC Project	Focal Area
Poland Efficient Lighting Project (PELP)	Climate change
Argentina Efficient Street-Lighting Program	Climate change
Global Solar Development Group (SDG)	Climate change
Regional Terra Capital Fund	Biodiversity

Not included in the review –not belonging to the three selected focus focal areas:

IFC Project	Focal Area
Global Small and Medium Scale Enterprise Program (pilot phase)	Multifocal Area
Slovak Republic Ozone Depleting Substances Reduction	Ozone

Annex 3

Table A: Closed biodiversity projects

Project ID	GEF Amount	Country	Region	Project Name	Focal Area	ICR Date	ICR Review (Outcome)	ICR Rating (Outcome)
37580	6.00	Benin	AFR	National Parks Conservation & Mgt	Biodiversity	06/30/06	Moderately Unsatisfactory	Satisfactory
311	6.00	Cameroon	AFR	Biodiversity Conservation and Management	Biodiversity	09/23/03	Moderately Satisfactory	Satisfactory
535	10.00	Congo	AFR	Wildlands Protection and Management	Biodiversity	05/17/00	Marginally Satisfactory	Satisfactory
P000833	10.00	Ghana	AFR	Coastal Wetlands Management	Biodiversity	01/30/00	Satisfactory	Satisfactory
1217	6.20	Kenya	AFR	Tana River National Primate Reserve	Biodiversity	01/10/03	Unsatisfactory	Unsatisfactory
40596 Parent P001537	12.80	Madagascar	AFR	Environment Program Support	Biodiversity	06/10/04	Satisfactory	Satisfactory
36030	2.50	Mauritius	AFR	Biodiversity Restoration	Biodiversity	02/03/03	Satisfactory	Satisfactory
1759	2.50	Mozambique	AFR	Transfrontier Conservation Areas Pilot and Institutional Strengthening	Biodiversity	03/31/04	Moderately Satisfactory	Satisfactory
1586	3.97	Regional	AFR	Lake Malawi	Biodiversity	12/29/00	Moderately Satisfactory	Satisfactory
1	8.00	Regional	AFR	West Africa Pilot Community-Based Natural Resource and Wildlife Management (GEPRENAF)	Biodiversity	12/23/04	Unsatisfactory	Unsatisfactory
P000003	4.01	Regional	AFR	Regional Environment Information Management Project (REIMP)	Biodiversity	06/25/04	Satisfactory	Satisfactory
2377	1.80	Seychelles	AFR	Biodiversity Conservation & Marine Pollution Abatement	Biodiversity	06/19/98	Satisfactory	Highly Satisfactory
2893	4.00	Uganda	AFR	Bwindi Impenetrable National Park & Mgahinga Gorilla National Park Conservation	Biodiversity	06/29/01	Moderately Satisfactory	Highly Satisfactory
35311	10.00	Uganda	AFR	Institutional Capacity Building for Protected Areas Management and Sustainable Use (ICB-PAMSU)	Biodiversity	06/15/03	Moderately Satisfactory	Satisfactory
P035923	12.30	South Africa	AFR	Cape Peninsula Biodiversity Conservation Project	Biodiversity	04/24/2006	Highly Satisfactory	Highly Satisfactory
P003261 Parent P003318	5.00	Zimbabwe	AFR	Park Rehabilitation Conservation Project	Biodiversity	06/14/2004	Not rated	Not rated
3402	17.90	China	EAP	Nature Reserves Management	Biodiversity	11/21/02	Satisfactory	Satisfactory
34080	7.00	Indonesia	EAP	Biodiversity Collections	Biodiversity	09/19/01	Moderately Unsatisfactory	Satisfactory
3699 Parent P004014	15.02	Indonesia	EAP	Kerinci Seblat Conservation and Development	Biodiversity	06/30/03	Unsatisfactory	Unsatisfactory
40062	4.10	Indonesia	EAP	COREMAP I	Biodiversity	01/15/05	Satisfactory	Satisfactory
4403	20.00	Philippines	EAP	Conservation of Priority Protected Areas	Biodiversity	01/23/04	Moderately Satisfactory	Unsatisfactory
59933	1.25	Philippines	EAP	Mindanao Rural Development Project	Biodiversity	12/31/05	Satisfactory	Satisfactory
8290	1.00	Belarus	ECA	Forest Biodiversity Protection	Biodiversity	06/30/98	Satisfactory	Satisfactory
8376	2.00	Czech Republic	ECA	Biodiversity Protection	Biodiversity	04/30/99	Marginally Satisfactory	Satisfactory
8562	4.00	Poland	ECA	Forest Biodiversity Protection	Biodiversity	04/16/98	Satisfactory	Satisfactory
8689	4.50	Romania	ECA	Danube Delta Biodiversity	Biodiversity	12/31/00	Satisfactory	Satisfactory
44176	5.50	Romania	ECA	Biodiversity Conservation Management	Biodiversity	06/28/06	Satisfactory	Satisfactory
8801	20.00	Russian Federation	ECA	Biodiversity Conservation Management	Biodiversity	03/29/04	Satisfactory	Satisfactory

8842	2.30	Slovak Republic	ECA	Biodiversity Protection	Biodiversity	05/25/99	Marginally Satisfactory	Satisfactory
8869	5.00	Turkey	ECA	In-Situ Conservation of Genetic Biodiversity/E. Anatolia Watershed Management	Biodiversity	05/14/99	Satisfactory	Highly Satisfactory
39166	1.50	Ukraine	ECA	Danube Delta Biodiversity	Biodiversity	12/17/99	Satisfactory	Satisfactory
9103	0.50	Ukraine	ECA	Transcarpathian Biodiversity Protection	Biodiversity	07/21/98	Satisfactory	Highly Satisfactory
48790	6.90	Ukraine	ECA	Biodiversity Conservation in the Azov-Black Sea	Biodiversity	06/21/06	Unsatisfactory	Unsatisfactory
6108	4.50	Bolivia	LCR	Biodiversity Conservation	Biodiversity	06/30/01	Moderately Satisfactory	Satisfactory
44597	20.00	Brazil	LCR	Brazilian Biodiversity Fund (FUNBIO)	Biodiversity	10/18/04	Satisfactory	Satisfactory
6210	10.00	Brazil	LCR	National Biodiversity	Biodiversity	06/21/06	Satisfactory	Satisfactory
39876	7.00	Costa Rica	LCR	Biodiversity Resource	Biodiversity	06/29/06	Satisfactory	Satisfactory
7029	6.00	Ecuador	LCR	Biodiversity Protection	Biodiversity	06/30/00	Moderately Satisfactory	Satisfactory
44343	7.30	Honduras	LCR	Biodiversity in Priority Areas Project	Biodiversity	12/20/05	Moderately Satisfactory	Satisfactory
52209	16.39	Mexico	LCR	Protected Areas Program (FANP)	Biodiversity	11/06/03	Moderately Satisfactory	Highly Satisfactory
41790	7.10	Nicaragua	LCR	Atlantic Biological Corridor	Biodiversity	03/31/2006	Satisfactory	Satisfactory
45937	8.30	Panama	LCR	Atlantic Mesoamerican Biological Corridor	Biodiversity	12/23/05	Satisfactory	Satisfactory
7928	4.00	Peru	LCR	National Trust Fund for Protected Areas	Biodiversity	06/23/00	Satisfactory	Satisfactory
P068292 Parent P064883	8.00	Guatemala	LCR	Western Altiplano National Resources Management	Biodiversity	08/12/2005	Not rated	Not rated
P060474		Bolivia	LCR	GEF BO-Sustainability of Protected Areas	Biodiversity		Moderately Satisfactory	Moderately Satisfactory
4870	10.00	Algeria	MNA	El Kala National Park and Wetlands Management	Biodiversity	02/29/00	Unsatisfactory	Unsatisfactory
49587 parent P009468	5.00	Bangladesh	SAR	Aquatic Biodiversity Conservation	Biodiversity	Closed 12/31/2004 Parent closed 06/30/06	Not yet reviewed by IEG	Moderately Satisfactory
9568	10.00	Bhutan	SAR	Trust Fund for Environmental Conservation	Biodiversity	04/02/98	Satisfactory	Highly Satisfactory
9584 Parent P036062	20.00	India	SAR	Ecodevelopment	Biodiversity	10/31/04	Moderately Satisfactory	Satisfactory
35828	4.57	Sri Lanka	SAR	Conservation and Sustainable Use of Medicinal Plants	Biodiversity	12/16/04	Moderately Satisfactory	Satisfactory
58277	12.20	Bangladesh	SAR	Biodiversity Conservation in the Sundarbans Reserved Forest	Biodiversity		No IEG Review	ADB implemented
59613 Parent P050660	3.00	Poland	ECA	Rural Environmental Protection	Biodiversity	09/30/04	Satisfactory	Satisfactory
	5.00	Regional	IFC	Terra Capital Fund	Biodiversity		No IEG Rating	Unsatisfactory

Table B: Closed climate change projects

Project ID	GEF Amount	Country	Region	Project Name	Focal Area	sICR Date	ICR Review (Outcome)	ICR Rating (Outcome)
63463	6.27	Mexico	LCR	Methane Capture and Use at a Landfill	Climate Change	06/30/06	Satisfactory	Satisfactory
1682	2.50	Mali	AFR	Household Energy	Climate Change	06/30/01	Satisfactory	Satisfactory
1876 Parent P001922	3.50	Mauritius	AFR	Sugar Bio-Energy Technology	Climate Change	01/30/98	Highly Unsatisfactory	Satisfactory
42056 Parent P046768	4.70	Senegal	AFR	Sustainable and Participatory Energy Management	Climate Change	06/30/05	Highly Satisfactory	Highly Satisfactory
35693	32.81	China	EAP	Fuel Efficient Industrial Boilers	Climate Change	12/31/04	Satisfactory	Satisfactory
3404	10.00	China	EAP	Sichuan Gas Transmission and Distribution	Climate Change	12/22/03	Satisfactory	Satisfactory
3700	24.30	Indonesia	EAP	Solar Home Systems (SHS)	Climate Change	06/29/04	Unsatisfactory	Unsatisfactory
4404 Parent P004607	30.00	Philippines	EAP	Leyte-Luzon Geothermal	Climate Change	10/16/00	Unsatisfactory	Unsatisfactory
4647	15.00	Thailand	EAP	Promotion of Electricity Energy Efficiency	Climate Change	12/28/00	Highly Satisfactory	Highly Satisfactory
69028-7	2.50	Thailand	EAP	Building Chiller Replacement Project	Climate Change	05/22/06	Satisfactory	Satisfactory
P042944 Parent P042882	4.00	Indonesia	EAP	Renewable Energy Small Power Project	Climate Change	11/30/2004	Not rated	Not rated
45572	5.09	Czech Republic	ECA	Kyjev Waste Heat Utilization	Climate Change	11/01/01	Moderately Satisfactory	Satisfactory
45716	5.12	Latvia	ECA	Solid Waste Management and Landfill Gas Recovery	Climate Change	06/15/05	Satisfactory	Satisfactory
35758 Parent P036011	6.90	Lithuania	ECA	Klaipeda Geothermal Demonstration	Climate Change	06/11/03	Moderately Unsatisfactory	Satisfactory
8563	25.00	Poland	ECA	Coal-to-Gas Conversion Project	Climate Change	12/30/04	Moderately Satisfactory	Satisfactory
57993 Parent P037339	5.40	Poland	ECA	Zakopane/Podhale Geothermal District Heating and Environment	Climate Change	09/27/05	Moderately Unsatisfactory	Unsatisfactory
8799	3.70	Russian Federation	ECA	Greenhouse Gas Reduction	Climate Change	09/18/00	Moderately Satisfactory	Unsatisfactory
502217	5.00	Poland	IFC	Poland Efficient Lighting Project (PELP - IFC)	Climate Change	09/17/04	No IEG Rating	Highly Satisfactory
76870	3.30	Costa Rica (IDB)	LCR	Tejona Wind Power	Climate Change	Closed 12/31/2002	No IEG Review	Satisfactory
7400	3.80	Jamaica	LCR	Demand Side Management Demonstration	Climate Change	06/30/00	Moderately Satisfactory	Satisfactory
7492	10.00	Mexico	LCR	High Efficiency Lighting Pilot	Climate Change	12/23/98	Marginally Unsatisfactory	Satisfactory
40739	6.50	Regional	LCR	Planning for Adaptation to Climate Change (CARICOM)	Climate Change	08/22/02	Satisfactory	Satisfactory
P047309		Brazil	LCR	BR ENERGY EFFICIENCY (GEF)	Climate Change		Moderately Satisfactory	Moderately Satisfactory
P060718	8.90	Mexico	LCR	Renewable Energy for Agricultural Productivity (RETS)	Climate change	06/29/2006	Satisfactory	Satisfactory
5174	2.00	Iran	MNA	Teheran Transport Emissions Reduction	Climate Change	06/01/98	Satisfactory	Highly Satisfactory
5589	4.00	Tunisia	MNA	Solar Water Heating	Climate Change	12/15/04	Satisfactory	Satisfactory
9583 Parent P010410	30.00	India	SAR	Alternate Energy	Climate Change	06/21/02	Satisfactory	Satisfactory
39965 Parent P010498	7.30	Sri Lanka	SAR	Energy Services Delivery	Climate Change	06/04/03	Satisfactory	Satisfactory
	0.70	Argentina	IFC	Efficient Street-Lighting Program (MSP)	Climate	08/01/01	No IEG Rating	Satisfactory

	10.00	Global	IFC	Solar Development Group (SDG)	Change Climate Change		No IEG Rating	Highly Unsatisfactory
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Table C: Closed international waters projects

Project ID	GEF Amount	Country	Region	Project Name	Focal Area	ICR Date	ICR Review (Outcome)	ICR Rating (Outcome)
46871 Parent P046838	11.50	Kenya	AFR	Lake Victoria Environment SIL (FY97)	International Waters	06/27/06	Unsatisfactory	Unsatisfactory
46872	10.30	Tanzania	AFR	Lake Victoria Environmental Management Project	International Waters		Moderately Satisfactory	Satisfactory
46870	13.20	Uganda	AFR	Lake Victoria Environment SIL	International Waters	06/27/06	Moderately Satisfactory	Satisfactory
36037	2.81	Regional	AFR	Western Indian Ocean Islands Oil Spill Contingency Planning Project	International Waters	12/30/04	Satisfactory	Satisfactory
3405	30.00	China	EAP	Ship Waste Disposal	International Waters	12/19/97	Highly Satisfactory	Satisfactory
8326	12.00	Regional	ECA	Water and Environmental Management of the Aral Sea Basin	International Waters	02/25/04	Moderately Unsatisfactory	Unsatisfactory
42042	3.97	Regional	ECA	Lake Ohrid Management	International Waters	04/30/05	Satisfactory	Satisfactory
6956	5.50	Regional	LCR	Wider Caribbean Initiative for Ship-Generated Waste	International Waters	06/25/99	Satisfactory	Satisfactory
P006957 Parent P006970	12.50	OECS Countries	LCR	Ship-Generated Waste Management Project	International Waters	02/12/2004	Moderately Satisfactory	Satisfactory
4981	4.75	Egypt	MNA	Red Sea Coastal and Marine Resource Management	International Waters	12/27/02	Satisfactory	Satisfactory
5237	2.70	Jordan	MNA	Gulf of Aqaba Environmental Action Plan	International Waters	12/24/02	Satisfactory	Satisfactory
4871	20.00	Algeria	MNA	Oil Pollution Management Project for the Southwest Mediterranean Sea	International Waters	06/30/00	Satisfactory	Satisfactory
63717	5.60	Regional	MNA	Strategic Action Plan for the Red Sea	International Waters	Closed 06/30/05	Satisfactory	Satisfactory
P005588	5.78	Tunisia	MNA	Oil Pollution Management Project	International Waters	10/18/2000	Satisfactory	Satisfactory
P005347	5.60	Morocco	MNA	Oil Pollution Management Project	International Waters	10/18/2000	Satisfactory	Satisfactory

Annex 3: Biodiversity Portfolio PIR (separate attachment)

Annex 4: Climate Change Portfolio PIR (separate attachment)

Annex 5: International Waters Portfolio PIR (separate attachment)

Annex 6: Biodiversity Tracking Tools (separate attachment)