WORLD BANK
GEF ANNUAL MONITORING REPORT
FY09

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11 January, 2009

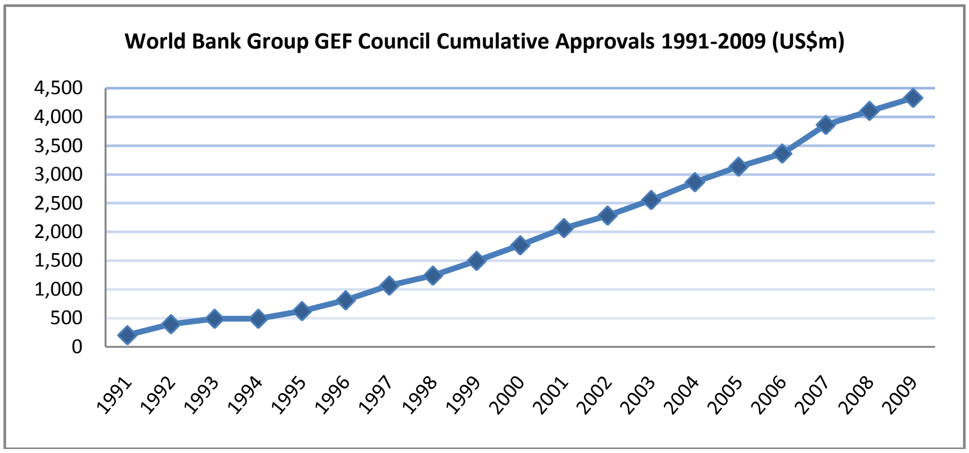
1. PORTFOLIO OVERVIEW

Statistics and Trends

Cumulative Portfolio Statistics

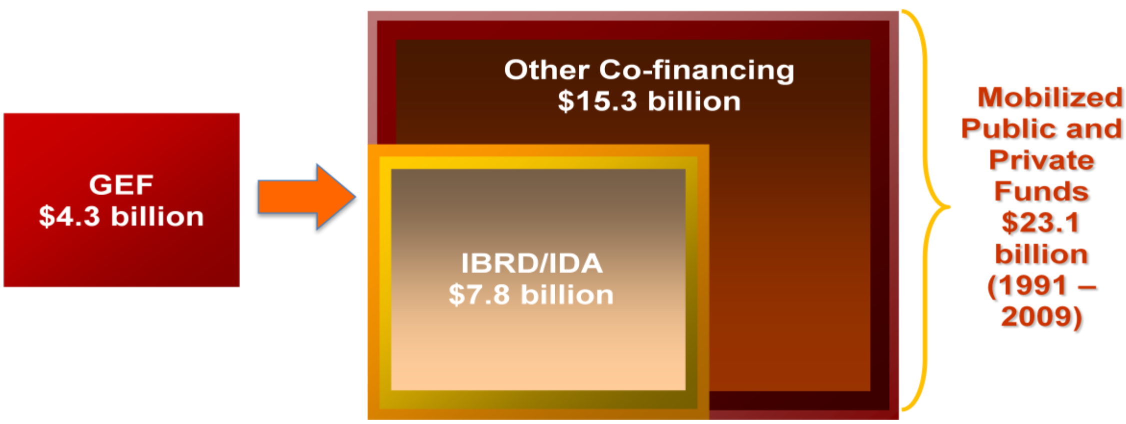
The World Bank Group's portfolio of GEF projects demonstrated steady growth over the course of FY09, reaching a total of 642 projects, including PIFs, approved by GEF Council. The cumulative value of the World Bank's GEF portfolio, including Council-approved PIFs, now stands at US$4.3 billion. See Figure 1.

Figure 1.



Noteworthy is the impact that this large number of approvals has had in terms of its co-financing leveraging potential. Through to FY09, additional funding of US$23.1 billion - of which US $7.8 billion from IBRD/IDA and US $15.3 billion from other sources – has been mobilized, demonstrating average leveraging potential of 1:5.4. See Figure 2.

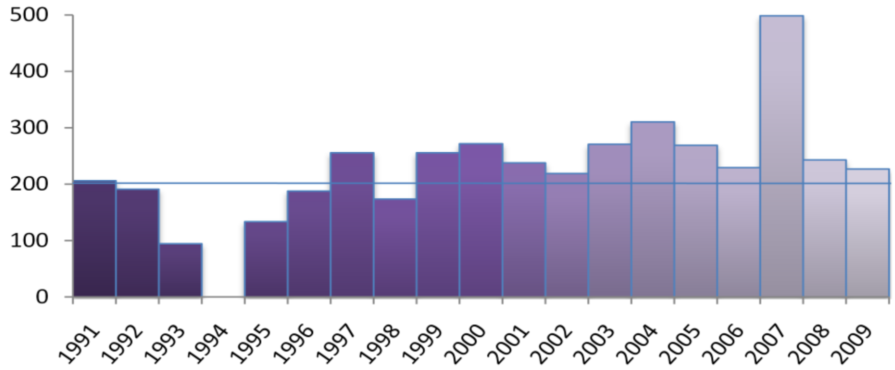
Figure 2. Leveraging Potential: World Bank Group GEF Council-approved projects (US $)



Overview of FY09 GEF Council Approvals

In FY09, the total number of World Bank Group GEF Council approvals increased by 26 full-size project (FSP) PIFs and 10 medium-size projects (MSPs). New Council-approved PIF commitment numbers are consistent with pre-FY07 years. With the exception of FY07, since 1999 the annual rate of growth of the World Bank Group's portfolio has remained above US $200 million, a trend maintained in FY09 during which US $227 million was approved by Council for inclusion in the portfolio (see Figure 3). FSP PIFs approved in FY09 are expected to enter the World Bank's effective, or active, portfolio within the next two years.

Figure 3. Annual World Bank Group-GEF Approvals 1991-2009 (US$ M)



Portfolio Under Implementation

In FY09 the Bank's effective portfolio, which is defined by the pattern of project entries and exits, stood at 208 active projects, of which 178 were FSPs and 30 MSPs, with combined total GEF commitments of US $1.65 billion. Compared with total commitments in FY08 (US $1.4 billion for 189 projects) and FY07 (US$1.56 billion for 214 projects), FY09 saw an increase in the size of the active portfolio's commitment amount.

Changes in the FY09 portfolio included:

- Approval by Bank Management of 25 CEO-endorsed FSPs, rendering them effective in the World Bank's project cycle, as well as approval by Bank Country Management Units of 5 CEO-endorsed MSPs, thereby initiating their implementation. This represented the release of a GEF grant amount of US $192.5 million. The distribution of the Bank Management project approvals and value by region is captured in Table 1.

Table 1. World Bank Management Approvals of GEF Activities/Region, in FY09

Region	Number of FSPs	Number of MSPs	US$ million
AFR	11	1	61.15
EAP	3	2	33.65
ECA	3		11.90
IFC	1		5.30
LCR	5		26.83
MNA	0	1	1.00
SAR	2	1	52.70
Total	**25**	**5**	**192.53**

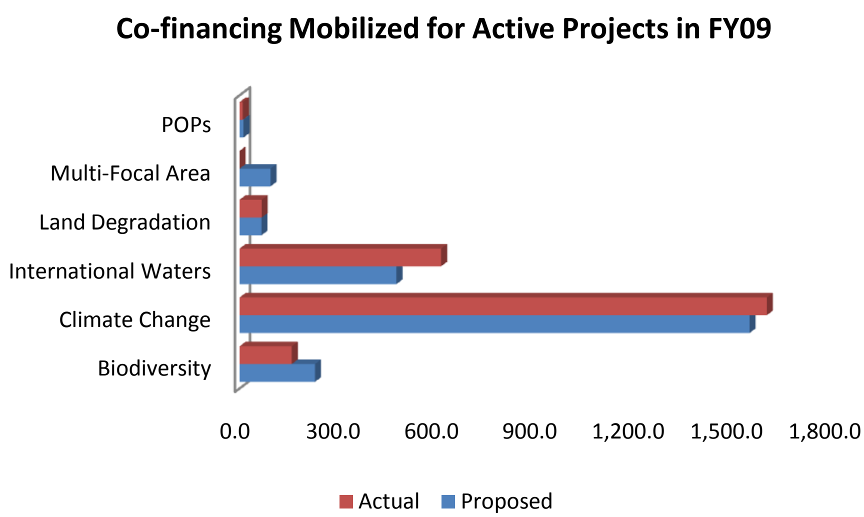
- Completion of a total of 27 projects, of which 19 were FSPs and 8 MSPs, which exited the effective portfolio at the end of the reporting year.
- Cancellation of preparation of 3 FSPs and one MSP that had been at various stages of preparation, cancellation of an additional planned FSP, and the discontinuation of 3 PPGs.
- With the exclusion of several large-size projects - defined as over US $20 million - the average World Bank-GEF FSP now stands at US $7.4 million, whereas prior to FY07 the average project size stood above US $8.5 million.

- Development of MSPs within the World Bank Group's portfolio declined, particularly in comparison with the peak periods of FY01 and FY03, which saw 14 Bank-approved MSPs per year. This decrease validates MSP cost-effectiveness concerns raised in the 2006 Evaluation of the GEF Activity Cycle and in the 2008 mid-term review of the RAF. In the past, this implementation modality has been most heavily used in the World Bank-GEF portfolio in support of the biodiversity focal area. The total dollar amount of GEF funds disbursed in FY09 was US $247.1 million.

Co-financing and Leveraging

In FY09 the World Bank Group continued to demonstrate success in leveraging co-financing in support of its GEF portfolio, registering a cumulative average leveraging ratio of 1:5.4. Of the US $1.93 billion of proposed co-financing associated with projects effective in FY09, total resources mobilized from both public and private sources surpassed the overall target. The spread of the co-financing mobilized varied from that projected, by focal area, as highlighted in Figure 4.

Figure 4.



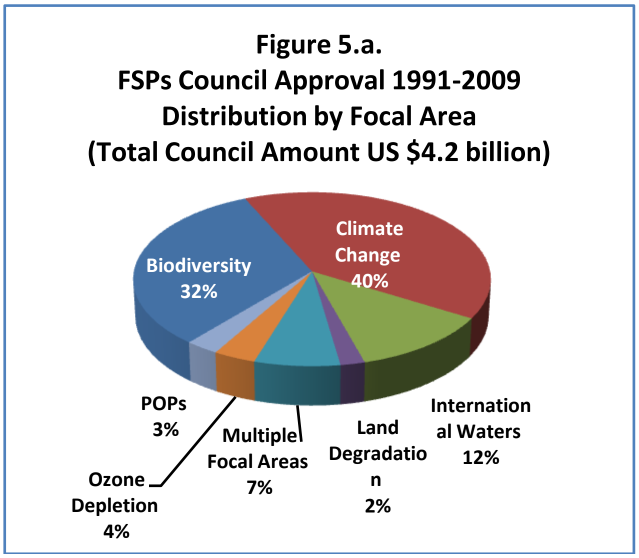
World Bank-GEF portfolio co-financing data for FY09 reveals that overall, 68% of projects are meeting or surpassing their projected co-financing targets. Of these, 29% were evaluated at midterm or upon completion, and demonstrated mobilization of co-financing additional to that projected at the time of endorsement. Another 39% of the projects were shown to be on track to meet their co-financing requirements. Many of the remaining projects are still under implementation, and co-financing levels may adjust upwards prior to completion.

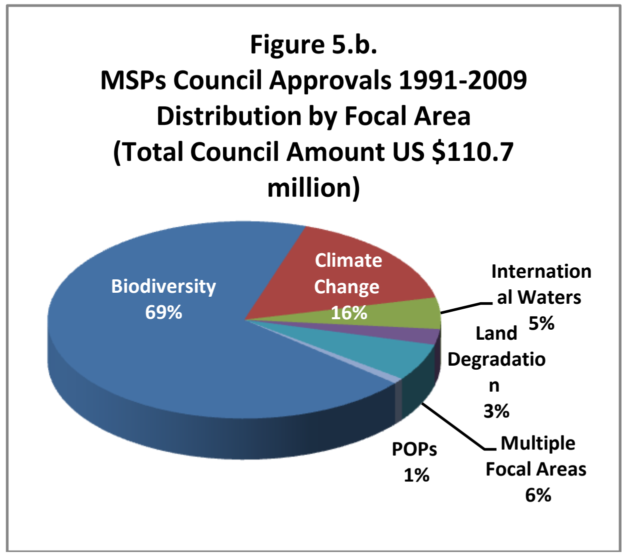
Implementation progress continues to be made through mainstreaming and blended operations. In this reporting period, 37% of effective GEF projects were fully blended and co-financed by Bank/IDA resources, as well as with other sources of financing.

2. PORTFOLIO PERFORMANCE

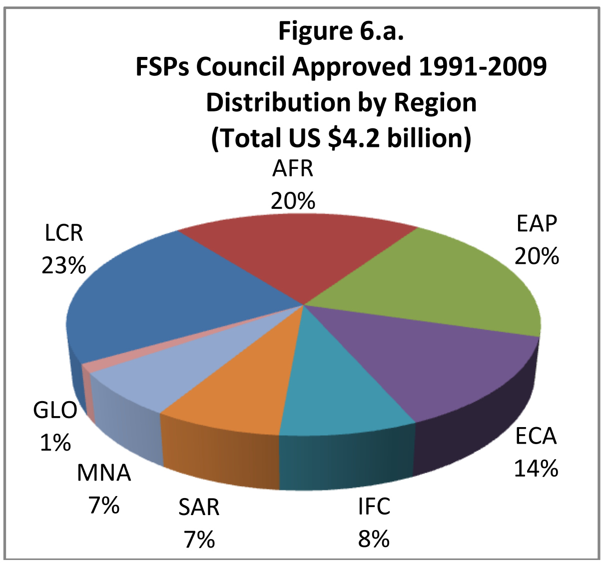
Overview of Global Portfolio Performance

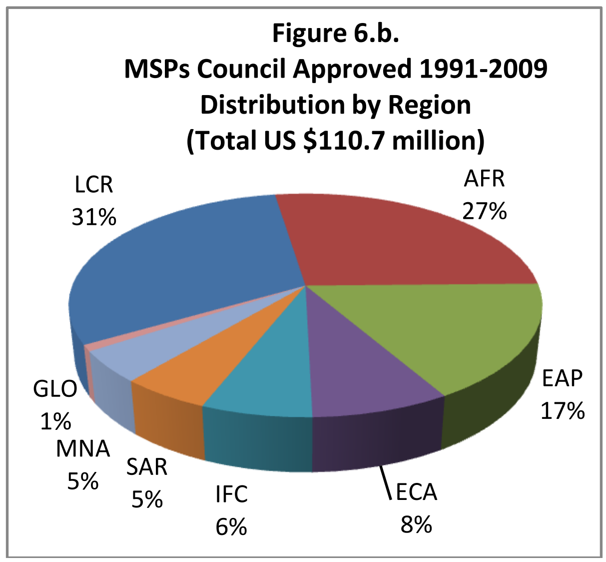
In FY09 the World Bank's portfolio continued to contribute discernable impact to the strategic objectives of the overall GEF portfolio in all focal areas and regions. Very modest changes in the distribution of FSPs were experienced by focal area, based on projects entering and exiting the portfolio, with climate change settling at 40% of total commitments and biodiversity increasing slightly to 32%. Projects under these two focal areas continue to dominate the FSP portfolio (Figure 5.a). Projects in the biodiversity focal area also played the dominant part in the Bank's MSP portfolio, representing 69% of commitments (Figure 5.b.). The commitment shares of other focal area activities for both FSPs and MSPs within the Bank have remained constant since the last reporting period.





The bulk of the World Bank's GEF FSP and MSP activities are centered in three regions: Latin America and the Caribbean, Africa and East Asia and the Pacific. Historic distribution by region is outlined in Figures 6.a. and 6.b.





During FY09, the African region dominated the Bank's portfolio both with respect to project development, through Council approvals (29%), as well as through approval by Bank management (32%). Two other regions – the Middle East and North Africa (MNA) and the South Asia Region (SAR) - witnessed a slight rise in GEF activity over the period. The increase in all three regions resulted from the recent adoption of programmatic approaches, approved in earlier fiscal years, through which larger, 'parent' projects provide a broader and more entrenched policy and strategic framework by which to improve the effectiveness of the GEF component. Examples include the Strategic Investment Program for Sustainable Land Management in Sub-Saharan Africa and the Sustainable Mediterranean Program.

During the review period, 86% of World Bank-GEF projects received an overall satisfactory rating with respect to achievement of their development objectives (DO). Projects in the biodiversity and climate change focal areas generated the most number of ratings of Moderately Unsatisfactory (MU) or below, which is not surprising given their numbers within the context of the overall effective portfolio.

Progress with respect to implementation progress (IP) generated overall satisfactory ratings of 84%. Here too, projects in the biodiversity and climate change portfolios received the most number of ratings of MU or below, again given their numbers relative to the total World Bank-GEF portfolio.

The overall share of World Bank-GEF projects 'at risk' stood at 14% in FY09 (see Table 2).

Table 2. FY09 Portfolio at Risk

Unit	Projects At Risk (%)	Commit At Risk (%)	Commit At Risk ($m)
GEF FY09	**14**	**11**	**174**
GEF FY08	10	9	131
GEF FY07	11	8	121
GEF FY06	8	9	107

** Data as of 7 November 2009.*

Viewed by region and focal area, Table 3 highlights the change in risk ratings across the World Bank-GEF portfolio in FY09 since FY08. Factors that constituted risks to projects within the World Bank-GEF portfolio in FY09 included: local capacity and governance issues; financial management, mobilization of co-financing and delayed disbursement issues; political instability; environmental factors; and, effects stemming from the global financial crisis. Projects in the African and Europe and Central Asian regions, and those in the biodiversity and climate change focal areas, demonstrated the highest share of projects at risk.

Table 3. Projects 'At Risk'. By Region and Focal Area

Number of Projects Rated 'At Risk', by Region and Focal Area (FY08, FY09)															
Focal	**AFR**		**EAP**		**ECA**		**LCR**		**MNA**		**SAR**		**IFC**		**TOTAL/ REGION**
Area	**FY08**	**FY09**	**FY08**	**FY09**	**FY08**	**FY09**	**FY08**	**FY09**	**FY08**	**FY09**	**FY08**	**FY09**	**FY08**	**FY09**	**FY09**
BD	3	4	0	0	1	4	2	1	0	1	1	1	1	2	13
CC	1	0	2	3	2	2	1	2	0	0	0	0	1	0	7
IW	1	1	0	1	1	1	0	0	0	0	0	0	0	0	3
LD	0	1	0	0	0	1	0	0	0	0	0	0	0	0	2
POPs	0	2	0	0	0	1	0	0	0	0	0	0	0	0	3
MFA	1	1	0	0	0	0	0	0	0	0	0	0	0	0	1
TOTAL/FOCAL AREA	**6**	**9**	**2**	**4**	**4**	**9**	**3**	**3**	**0**	**1**	**1**	**1**	**2**	**2**	**29**

Specific examples of issues that triggered risk flags in projects during FY09 include:

- political instability that, in accordance with the World Bank's operational policy on dealing with *de facto* governments, forced enactment of country specific disbursement freezes and suspension of in-country supervision missions for security reasons;
- prolonged drought, that severely hampered local inhabitants day to day lives and thereby, caused delays in implementation;
- lower than expected influx of co-financing due to the adverse effects of the 2008-2009 global financial crisis; and,
- capacity constraints with regard to institutional implementation and/or financial management.

In order to mitigate risks, World Bank-GEF project teams systematically draw on the World Bank's Safeguards Policies. The Safeguards underscore the need for establishment of clear project management structures and appropriate enabling environments, reinforce the need for multi-stakeholder participatory processes and sustained implementation support, and as necessary, encourage adaptive management.

Portfolio Performance, By Focal Area

The following section illustrates the general status and trends of the World Bank Group GEF portfolio, by focal area, covering projects that were under implementation during FY09, including those that were completed during the period.

Biodiversity

A total of 83 World Bank-GEF projects were effective in FY09 under the biodiversity focal area, the largest proportion of which were under implementation in the African and Latin America and the Caribbean regions. A total of 13 projects were completed in FY09, and 13 underwent mid-term review. See Table 4.

Table 4. Biodiversity Focal Area: GEF Co-financed Projects Under Implementation, By Region

Biodiversity Focal Area								
GEF Co-financed Projects Under Implementation, By Region								
	Total Number of Projects							
					Satisfactory Ratings		Unsatisfactory Ratings	
Region	Number	Regional %	Completed FY09	Mid-term review FY09	% DO	% IP	% DO	% IP
AFR	26	31%	3	4	66	69	27	31
EAP	9	11%	2	0	89	89	0	0
ECA	10	12%	3	2	90	90	10	10
LCR	25	30%	3	5	96	96	4	4
MNA	4	5%	1	1	100	100	0	0
SAR	1	1%	0	0	100	100	0	0
IFC	7	8%	1	1	71	86	29	14
Global	1	1%	0	0	100	100	0	0
Sub-Total	83	100%	13	13	89	91	9	7

Contributions towards focal area strategic priorities

In line with GEF-4 Strategic Objectives, projects within the World Bank's GEF biodiversity portfolio seek to:

- catalyze sustainability and strengthen protected area systems by encouraging conservation and sustainable use;
- promote sound natural resource management and protecting natural habitats;
- restore natural ecosystems and improving overall land and water management;
- build capacity in indigenous and local communities; and,
- integrate biodiversity considerations into productive sectors, while simultaneously increasing the area of productive landscapes contributing to biodiversity conservation and sustainable use.

Key to implementation of the Bank's biodiversity portfolio has been the recognition of the inter-linkages possible with other focal areas, where such inter-linkages can serve to expand the scope of project impact and generate the greatest environment and development results possible. Such interventions contribute to mitigation and adaptation to climate change, and support combating desertification and land degradation.

Outcomes and Implications for the Overall Portfolio

World Bank GEF operations in this focal area cut across a variety of sectors. Application of the programmatic approach and alignment with client country's poverty reduction strategies may serve to encourage the mainstreaming of biodiversity in productive landscapes.

GEF grants under the Bank's biodiversity focal portfolio area have been instrumental in assisting client countries to integrate conservation efforts into wider landscape approaches and community-based economic development. In all the Bank's regions, the ecosystem approach helps align activities with national development priorities and objectives. This has served to encourage substantial improvements in client countries' natural resources management and planning activities, to help raise public awareness, which in turn opens the door to greater participatory processes, and to improve institutional capacity, thereby helping to shape national and environmental management priorities. Citing one example, a number of Bank activities reach beyond biodiversity conservation through the use of forest management as a vehicle to contribute towards the sustainable economic development of local communities. In so doing, a bottom-up approach to conservation and development is applied that supports the strengthening of national institutions and organizations.

Progress of projects that received poor ratings in AMR 2008

Seven projects in the Bank's portfolio received ratings of MU or below in AMR 2008: 1 in the African region; 2 in the Europe and Central Asian region; 3 in the Latin American region, of which one is a regional project; and one regional project under implementation by the IFC in the East Asia and Pacific region. Of these, 4 were upgraded during FY09 to moderately satisfactory (MS), one remained rated at MU, another was downgraded to unsatisfactory (U) and one was cancelled, following an independent mid-term review that highlighted recurrent problems with the sponsor's management of the project, management of grant resources and multi- stakeholder processes.

To address ratings of MU or below, Bank project teams worked with in-country counterparts on a number of fronts, to push forward the pace of implementation, to build and enhance counterpart support for a project, and to ensure effective national project management through engagement of qualified and experienced staff. Where necessary, project restructuring needs were addressed and support was provided to help leverage the resources required from counterparts.

Where ongoing concerns persisted, contributing factors included:

a) weak institutional conditions and high mobility of national staff, which in turn contributed in certain cases to implementation delays resulting in the need for extension of project timeline;
b) competing priorities amongst national institutions, including those caused by political crisis; and,
c) impediments to regional coordination caused by competing national interests.

Portfolio Risk and Risk Management

A total of 13 biodiversity projects were flagged at risk in FY09 (Table 3), with the greatest number surfacing in the African and Europe and Central Asian regions. Risk flag triggers were raised by: political instability, poor project coordination and financial management, weak or uneven capacity within public institutions, unclear division of responsibilities among public institutions, and environmental factors.

Those projects that triggered 'at risk' flags in FY09 in the African region number four, and include:

- the *Benin-GEF Forests and Adjacent Land Management*, where despite supervisory attempts, slow project implementation, particularly with respect to the promotion of improved agricultural techniques and agro-forestry in forest adjacent lands, persisted;
- the Guinea *Coastal Marine and Biodiversity Management* project, currently rated at risk due to the political situation in-country, which has forced the postponement of the MTR;
- the Mali *GEF Gourma Biodiversity Conservation*, due to the effects of a severe drought in the region which has impeded the completion of baseline studies necessary for ongoing implementation. Procurement delays have also been experienced, but agreement to have a full-time procurement specialist join the project implementation unit (PIU) is expected to address this issue; and
- the Nigeria Second National Fadama Development Critical Ecosystem Management Project, due to poor tracking of project progress. The planned MTR is expected to improve quality of information being generated, and project monitoring.

In the East Asia and Pacific region, 2 projects triggered 'at risk' concerns during FY09: the Marine Aquarium Market Transformation Initiative (MAMTI) MSP in Indonesia and the Philippines, and the Komodo Collaborative Management Initiative in Indonesia. The former was cancelled in FY09 following an independent MTR that determined that the project was not achieving adequate results in developing a sustainable system for certifying marine aquarium organisms that would foster market transformation. The latter received an 'at risk;' rating due to issues regarding joint venture ownership and effective management of the Komodo National park.

In the Europe and Central Asian region, four projects were deemed to be 'at risk' in FY09. They include:

- the Albania Butrint Global Biodiversity and Heritage Conservation MSP, where threats to the long-term protection of ecosystems in the Butrint National Park including, uncontrolled development and expansion, increased ecological pressure, lack of environmental infrastructure and lack of coordination among the government agencies, persist;
- the *Azerbaijan Rural Environment project*, which had received a rating of MU in FY08, improved aspects of its implementation in FY09 thanks to increased counterpart support and enhanced staffing of the project implementation unit (PIU). Nevertheless, implementation delays, resulting in project extension, are the cause of the project being rated 'at risk';
- the Bulgaria Lake Pomorie Conservation, Restoration and Sustainable Management MSP, due to implementation delays that may result in the need for project extension; and
- the Serbia Transitional Agriculture Reform project, which has triggered risk flags related to rate of disbursement and delays in adoption of legal framework which together have had an impact on project effectiveness to date.

In the Latin America and Caribbean region the Central America – Corazón Transboundary Biosphere Reserve project was rated 'at risk' in FY09 as a result of project execution issues related to cooperation amongst the regional partners, as well as due to recent political crisis in the region.

The Conservation of Medicinal Herbal Plants project underway in Jordan in the Middle East and North Africa region also triggered an 'at risk' flag due to pending disbursement and co-financing commitment issues.

Climate Change

A total of 66 World Bank-GEF projects were effective during FY09 under the Climate Change focal area, the largest proportion of which were under implementation in the East Asia and Pacific and the Latin America and Caribbean regions. Ten (10) climate change projects were completed during FY09, and 13 underwent mid-term review.

Table 5. Climate Change Focal Area: GEF Co-financed Projects Under Implementation, By Region

Climate Change Focal Area								
GEF Co-financed Projects Under Implementation, By Region								
	Total Number of Projects							
					Satisfactory Ratings		**Unsatisfactory Ratings**	
Region	**Number**	**Regional %**	**Completed FY09**	**Mid-term review FY09**	**% DO**	**%IP**	**%DO**	**%IP**
AFR	11	17%	3	1	63	73	27	17
EAP	16	24%	0	5	81	75	13	19
ECA	8	12%	1	2	75	63	25	37
LCR	15	23%	4	4	100	93	0	7
MNA	4	6%	0	0	100	100	0	0
SAR	2	3%	0	0	100	100	0	0
IFC	10	15%	1	1	90	100	10	0
Global	0	0%	0	0	0	0	0	0
Sub-Total	66	100%	9	13	76	76	9	10

Contributions towards focal area strategic priorities

The Bank's GEF portfolio continues to positively impact client countries efforts to address climate change. Efforts center primarily on mitigation, with a few pilot and demonstration activities underway in support of adaptation.

With respect to mitigation, a number of effective projects in the Bank's portfolio promote the use of renewable energy for the provision of rural off-grid energy services, in support of the GEF-3 objectives, as well as promotion of on-grid renewable energy. Bank projects also support the promotion of energy efficient technologies and practices in the built sector, including appliances and buildings, as well as in industrial production. A number of projects that target market development of concentrating solar thermal power support the objective of providing access to new low-GHG emitting energy technologies. And, lastly, the Bank is also spearheading a number of projects in the transport sector which aim to facilitate market transformation for sustainable mobility in urban areas.

Outcomes and Implications for the Overall Portfolio

Of the projects completed in the period under review, eight were mitigation projects and one, the Caribbean Mainstreaming Adaptation to Climate Project, fell into the adaptation arena.

A number of the mitigation projects can be argued to have been truly catalytic, in that they created enabling environments that allowed related GEF investments to extend far beyond original expectations. The results of the Uganda Energy for Rural Transformation (I) Project for example, exceeded the targets set forth in the initial proposal for both renewable energy generation and PV dissemination. This can be attributed in part to early success in formulating and implementing a renewable energy policy, as well as adaptive management techniques which, in response to the Ugandan power crisis authorized the purchase and dissemination of 800,000 CFL bulbs resulting in a reduction of nearly 40 MW of load from the electricity system, in addition to the related CO_2 emission reductions.

Another example lies with the Efficient Lighting Initiative (I and II), implemented by the IFC. The project worked with a number of countries to promote high quality compact fluorescent lightbulbs and resulted in a large-scale adoption of standards. Following adoption of standards, some countries began promoting the phase out of incandescent bulbs. ELI logo and standards have provided the basis for higher quality CFLs being produced and marketed around the world.

The Mexico Climate Measures in Transport is another project considered to have been catalytic. The project led to the adoption of a climate action plan for Mexico City and systematic reform of Mexico City's public transport system. It laid the foundation for the implementation of the Metrobus Bus, which operates over 50 km of dedicated bus lanes in Mexico City, resulting in significant reduction of GHG emissions. The project also laid the foundation for a much larger national program focusing on improving public transport in all Mexican cities. That new project—built solidly on the foundation of the Mexico City project—is focusing on 8 cities and combines funding from the GEF, IBRD, CTF, the Government of Mexico, carbon finance, and the private sector. At present, it represents one of the most impressive projects completed to date for improving mobility and reducing GHG emissions in the developing world.

The potential for effective scale-up, and the related capture of energy savings opportunities, depends on project activities being well choreographed and strategically linked, at the design stage, to national development and energy strategies. For example, the Bank's Morocco *Integrated Solar Combined Cycle Power* project has been fully aligned with the Moroccan priority goal of developing 1000MW of renewable energy capacity by 2012. This project is one of the first power plants ever built in the world that integrates natural gas and concentrated solar power on a large scale. Lessons learned during its design, construction and operation will provide useful lessons, and one distinct advantage of the plant being financed by GEF is that it makes those lessons available as a public good through GEF's global mission and networks. Another example can be seen in through the success of the Bangladesh Rural Electrification and Renewable Energy Development project which has generated additional financing of US $130 million through a World Bank loan to scale-up renewable energy to an additional 300,000 households through solar heating systems, and finance additional renewable energy projects in rural areas.

The leveraging potential of Bank-implemented GEF-financed climate change projects is significant, surpassing co-financing targets in FY09. The IFC experience provides an excellent example: it's active FY09 GEF portfolio in climate change was estimated to attract approximately $512 million in co-financing, bringing current portfolio co-financing and leverage to more than $1.6 billion and surpassing expectations by more than 200%. Projects with the most co-financing and leverage of GEF funding are in the financial sector, where GEF funding leverages energy efficiency and renewable energy lending portfolios of banks in developing countries, and where, in most cases, a small amount of risk coverage provided with GEF funding allows banks in those countries to enter into new lines of renewable and energy efficiency lending.

Progress of projects that received poor ratings in AMR 2008

Seven projects in the Bank's climate change portfolio received ratings of MU or below in AMR 2008: 1 in the African region; 1 in the East Asia and Pacific region; 2 in the Europe and Central Asian region; and, 3 in the Latin American region. Of these, 2 were upgraded during FY09 to moderately satisfactory (MS)/satisfactory (S), two maintained a rating of MU and one a rating of U, and two were cancelled, one when it became evident that progress toward a commercialization program was no longer possible and the other when privatization of utilities was aborted due to a lack of interest and limited profitability.

To address ratings of MU or below, Bank project teams worked with clients in counterpart countries to assess obstacles, design restructuring plans, and engage with other financial intermediaries to identify other sources of funding that would provide reasonable leverage for the GEF investment.

Persistence of ratings of MU or below resulted from lack of progress in achieving financial closure of guarantee agreements, non-performance of guarantee components and lack of strategic coordination and commitment on the part of national or local authorities resulting in certain project components falling short of their objectives.

Portfolio Risk and Risk Management

Eight climate change projects were flagged at risk in FY09. Risk flags in the climate change portfolio were triggered due to: political instability resulting in suspension of Bank in-country activities, issues related to project coordination resulting in need for project extension and restructuring, financial management and co-financing issues, and weak or uneven capacity within project implementation units.

In the African region, the *Guinea Rural Energy* project triggered 'at risk' flags during FY09 as a result of the country's political situation, resulting in suspension of Bank activities in-country. Disbursement of funds has halted and several large renewable energy contracts remain to be signed. The Bank has taken steps to maintain dialogue with the local project team to keep project momentum alive, and has engaged the Government in dialogue in order to have the project placed on their priority list, so as to encourage use of national resources to fund critical and high impact activities until such time as the Bank is able to resume its lending.

In the East Asia and Pacific region, three projects 'at risk' flags in FY09:

- the Kiribati *Adaptation Program Phase II (KAP II)* project due to project and where the Bank, in response, has liaised with project donors to secure approval of project extension and has assisted in restructuring the project timeline;
- the Philippines *Electric Cooperative System Loss Reduction Project*, due to lack of process in achieving financial closure of guarantee agreements. With the support of the Bank, following the MTR in FY09, the Government renewed commitment to the much-needed partnership amongst local partners has

agreed to a turnaround plan which is expected to lead to the closing of the first set of transactions in first half of FY10; and,

- the *Pacific Sustainable Energy Finance* project (PSEFP) including, limited participation of local participating financial institutions. In response, the Bank team has been working with project partners to explore the possibility of including non-banking financial institutions so as to foster greater interest and competition.

In Europe and Central Asia, 2 projects were considered to be 'at risk' in FY09:

- the *Macedonia Sustainable Energy* project due to slow progress with respect to project financing, downgrading due to lack of progress on the ESCO component, and concern regarding the national governance structure; and,
- the *Poland Energy Efficiency* project, due to the non-performance of it's Guarantee Component. With the Bank's assistance, a restructuring request has been prepared whereby the guarantee facility would be converted into a credit facility, managed by the state owned BOS Bank. Such a facility would serve to finance investments related to energy efficiency (EE) in public sector municipal buildings, such as schools and kindergartens that face difficulty in accessing commercial finance.

In Latin America and the Caribbean, 2 projects from the FY09 climate change portfolio fall under the projects 'at risk' category: the Guyana *Conservancy Adaptation* project and the Caribbean *Implementation of Adaptation Measures* project. The Guyana project has suffered delays due to capacity limitations within the PIU, as well as procurement delays due to slow processing at the National Tender Board. In the Caribbean project, delays have been experienced due to changes in project management and obstacles related to land acquisition. The Bank management team has worked with project partners to define the critical elements required for completion of the pilots in all participating countries.

International Waters

A total of 29 World Bank-GEF projects were effective during FY09 under the International Waters focal area, the bulk of which were under implementation in the African, East Asian and Pacific and European and Central Asian regions. A total of 3 projects were completed during FY09, and 7 mid-term review were undertaken.

Table 6. International Waters Focal Area: GEF Co-financed Projects Under Implementation, By Region

International Waters Focal Area								
GEF Co-financed Projects Under Implementation, By Region								
	Total Number of Projects							
					Satisfactory Ratings		Unsatisfactory Ratings	
Region	**Number**	**Regional %**	**Completed FY09**	**Mid-term review FY09**	**% DO**	**%IP**	**%DO**	**%IP**
AFR	8	28%	2	0	75	63	25	37
EAP	9	31%	0	5	78	78	22	22
ECA	11	38%	0	2	91	91	9	9
LCR	1	3%	1	0	100	100	0	0
MNA	0	0%	0	0	0	0	0	0
SAR	0	0%	0	0	0	0	0	0
IFC	0	0%	0	0	0	0	0	0
Global	0	0%	0	0	0	0	0	0
Sub-Total	29	100%	3	7	86	83	14	17

Contributions towards focal area strategic priorities

World Bank-GEF projects in the International Waters focal area articulate GEF strategic priorities by promoting regional, cross-border cooperation, fostering investment, bolstering institutions' capacity to manage, raising awareness, and initiating multinational efforts in areas where country action alone will not suffice. Thirteen out of a total of 29 effective projects under implementation by the Bank foster multi-state cooperation. Projects under this focal area often succeed thanks to regional cooperation and active involvement of local communities, NGOs, and local and national governments, all of which serve to breed a strong sense of local ownership.

Work in this sector has raised the profile of international waters to the point where they are understood to be an economic good. Within the African region, the IW portfolio has expanded in the area of shared water basin and fisheries development.

Outcomes and Implications for the Overall Portfolio

Four IW projects were completed in FY09: one in the African region; 2 in the Europe and Central Asian region; and, one in Latin America and the Caribbean, as highlighted below:

- in the Senegal *River Basin Water and Environmental Management Program*, GEF funding is considered to have been catalytic in building a more inclusive institutional structure for river basin management, both regionally and nationally. The comprehensive, inclusive and participatory process adopted in developing a Transboundary Diagnostic Analysis and subsequently, a Strategic Action Plan, provided an effective point of entry to mainstream environment at all levels. This in turn provided strong incentive for the Government to install, on a permanent basis, environmental and land and water management specialists within the institutional management structure. Throughout the life of the project overall S ratings were maintained;
- the *Bulgaria Wetlands Restoration* project, targeted wildlife habitat restoration and created important environmental benefits including, the return of rare species and a return and increase in fish populations. Prior to the project's approval, the public viewed wetlands as an environmental eyesore. As a result of the project's successful implementation, perceptions have changed, bringing about a realization that wetlands provide crucial environmental and economic benefits;
- Moldova's *Agricultural Pollution Control* project aimed to significantly increase the use of mitigation measures by agro-industry and farmers to reduce the discharge of nutrients and other agricultural pollutants into the surface and ground water bodies in the country. Specific focus was paid to the Danube River and Black Sea through interventions in a pilot watershed area in collaboration with agro-industry and farmers; and lastly,
- the *Environmental Protection and Sustainable Development of the Guarani Aquifer System* project targeted the sustainable use and management of the Guarani Aquifer System shared by Argentina, Brazil, Paraguay and Uruguay. Use and management of shared water resources had been a prominent issue in the four countries since the 1960s. Focus however, had been restricted to surface water resources. The project was the first regional groundwater-related undertaking. It played a catalytic role in incorporating groundwater issues into the water resources management agendas of the four countries, based on the joint development and implementation of an adequate, functioning aquifer management framework for the Guarani Aquifer System (GAS). The process included, through all its phases, the involvement of learning institutions, NGOs, civil society organizations, public institutions at all levels and the public at large.

Progress of projects that received poor ratings in AMR 2008

Two projects in the Bank's international waters portfolio received ratings of MU or below in AMR 2008: 1 in the African region and 1 in the East Asia and Pacific region. Both projects maintained a rating of MU in FY09.

The project in the Africa region, the regional *Reversal of Land and Water Degradation Trends in the Lake Chad Basin Ecosystem* project, closed in December 2008. Analysis conducted at project closure determined that the project's original objectives and indicators were perhaps overly ambitious and lacked the necessary baselines and targets by which to effectively track progress. In addition, civil strife presented significant challenges during implementation. At closure, the project's performance was rated MU given that its main development objective and key project outputs were partially achieved and therefore, sustainability of project outcome, although showing promise, could not be guaranteed.

The *Regional Marine Electronic Highway Project* (MEHP) in East Asia continued to rate MU in FY09 due to continuing delays in the issuance of permits/clearances required by the project for surveying in Indonesian waters. The Bank team has been working with the Indonesian Ministry of Transport to secure the permits/clearances. If not obtained in time, the project agreed to proceed by surveying in non-Indonesian waters.

Portfolio Risk and Risk Management

Three projects in the Bank's international waters portfolio were flagged at risk in FY09 due to threats of piracy, delays in implementation of crucial project activities, and national project management issues:

- in the African region, the *Southwest Indian Ocean Fisheries (SWIOFP)* project has suffered implementation delays due to concerns regarding Somali pirate activities in a large part of the project study area. The risk of piracy in the project study area has resulted in the refusal of the main research vessel to enter into waters north of 10^{o} South latitude, namely the waters of the Seychelles, Tanzania and Kenya. The Bank project management team is in dialogue with the 8 project countries to determine next steps;
- the *Regional Marine Electronic Highway Project* (MEHP) in the East Asia and Pacific region, which is expected to achieve progress once the permits/clearances required to survey the Indonesian waters are issued; and,
- in the Europe and Central Asian region, the Moldova *Environmental Infrastructure* project has encountered high-level resistance on the part of national partners surrounding the application of the Constructed Wetland Technology – the core of the project - despite intervention to the contrary from the highest levels of Government. The Bank project team is working with its national counterparts to conduct a reassessment of the project's aims within the context of the broader water and sanitation strategy in Moldova, and project success will ultimately depend upon the response from the Government to the proposed action plan and measures for redress presented by the institution to whom responsibility for the water supply and sanitation sector has been transferred.

Land Degradation

A total of 11 World Bank-GEF projects were effective during FY09 under the land degradation focal area, the largest proportion of which were under implementation in the African and European and Central Asian regions. One project was completed during FY09, while 4 underwent mid-term review.

Table 7. Land Degradation Focal Area: GEF Co-financed Projects Under Implementation, By Region

Land Degradation Focal Area								
GEF Co-financed Projects Under Implementation, By Region								
	Total Number of Projects							
					Satisfactory Ratings		Unsatisfactory Ratings	
Region	**Number**	**Regional %**	**Completed FY09**	**Mid-term review FY09**	**% DO**	**%IP**	**%DO**	**%IP**
AFR	5	45%	0	2	60	80	40	20
EAP	0	0%	0	0	0	0	0	0
ECA	3	27%	0	1	67	67	33	33
LCR	2	18%	1	1	100	100	0	0
MNA	0	0%	0	0	0	0	0	0
SAR	1	9%	0	0	100	100	0	0
IFC	0	0%	0	0	0	0	0	0
Global	0	0%	0	0	0	0	0	0
Sub-Total	11	100%	1	4	82	87	18	13

Contributions towards focal area strategic priorities

In Africa, projects in the World Bank-GEF land degradation portfolio strive to reduce and prevent land degradation and its impacts. GEF funding has been instrumental in providing assistance to pilot activities where future replication potential is foreseen, as well as fostering the scale-up of good practices in sustainable land management. GEF intervention in this region has supported innovative project concepts, such as sustaining agro-ecosystems while enabling local producer organizations to farm more efficiently through adoption of a holistic approach to land degradation, as witnessed in the successful implementation of the Burundi *Agricultural Rehabilitation and Sustainable Land Management* project.

Outcomes and Implications for the Overall Portfolio

Overall, land degradation projects in the African region performed well in FY09. One constraint that has surfaced is the lack of scientific consensus on the biophysical indicators, soil carbon for example, needed to track progress of the global environment impacts. Within this context, particular reference is made to small stakeholder systems where certain defined indicators that contribute to strategic programs and priorities could be occasionally found to be too broad for smaller scale project activities, thereby potentially impacting project results ratings.

In Latin America and the Caribbean region, an MSP implemented in Argentina, the *Sustainable Indigenous Communities in High Valleys North of Iruya* project, closed with satisfactory ratings. The project reported that the irrigation infrastructure has been successful and that activities for the institutional strengthening of the indigenous communities involved in the project were implemented through capacity-building workshops and participation in seed exchange markets. The expectation is that the project will decrease migration driven by lack of infrastructure, land degradation and decreasing productivity of the land, by increasing self-sufficiency and sustainable management of natural resources.

Portfolio Risk and Risk Management

Two projects in the Bank's land degradation portfolio were flagged 'at risk' in FY09 the result, on the one hand, of political crisis, and on the other of lack on implementation progress and strategic management activities.

In Guinea, the *GEF Community Based Land Management (SIL)* project is currently rated as being 'at risk' due to the political situation in-country. Nevertheless, the project team continues to remain engaged with the national coordination team to the extent possible and nationally-based activities planned during this period include strengthening the capacity of the local governments and rural communities by organizing training on the new planning guide, and launching a study on alternative methods for sustainable natural resources management.

In Kazakhstan, the *Forestry Project* triggered 'at risk' flags due to slow implementation progress regarding key activities including planting and nursery construction, as well as a lack of sufficient progress with respect to the Forest Partnership and Rangeland management activities. Given these delays, it has become clear that the project objectives cannot be met as originally scheduled and therefore, a 2 year extension will be necessary. The Bank team has supported the development of a project restructuring request which, once approved, is expected to increase project performance.

POPs

A total of 6 World Bank-GEF projects were effective during FY09 under the POPs focal area, 3 of which in the African region, 2 in the East Asian and Pacific region, and 1 in the Europe and Central Asian region. No POPs projects were completed during the period in question, but 4 projects underwent mid-term review.

Table 8. POPs Focal Area: GEF Co-financed Projects Under Implementation, By Region

POPs Focal Area								
GEF Co-financed Projects Under Implementation, By Region								
	Total Number of Projects							
					Satisfactory Ratings		Unsatisfactory Ratings	
Region	Number	Regional %	Completed FY09	Mid-term review FY09	% DO	%IP	%DO	%IP
AFR	3	50%	0	3	67	67	33	33
EAP	2	33%	0	0	100	100	0	0
ECA	1	17%	0	1	100	0	0	100
LCR	0	0%	0	0	0	0	0	0
MNA	0	0%	0	0	0	0	0	0
SAR	0	0%	0	0	0	0	0	0
IFC	0	0%	0	0	0	0	0	0
Global	0	0%	0	0	0	0	0	0
Sub-Total	6	100%	0	4	89	56	11	44

Contributions towards focal area strategic priorities

The Africa POPs portfolio exclusively consists of the Africa Stockpiles Project (ASP) which primarily contributes to POPs-SP1 (Capacity Building) and POPs-SP2 (Investment) to offer a comprehensive solution to the short and long-term risks that obsolete pesticides and their associated wastes pose on human health and the environment.

Outcomes and Implications for the Overall Portfolio

The World Bank-GEF POPs projects underway in China, which include the *Demonstration of Alternatives to Chlordane and Mirex in Termite Control* project and the *PCB Management and Disposal Demonstration* project are both yielding positive results. The former has resulted in adoption of a law banning use of the POPs substances, and preparations are underway to extend the project's scope to additional provinces, once again demonstrating the leveraging potential of GEF pilot activities to take initiatives to scale.

Portfolio Risk and Risk Management

Three projects in the Bank's POPs portfolio were flagged 'at risk' in FY09: 2 in the African region and one in the Europe and Central Asian region.

- the *(Ethiopia) 3A-W Africa Stockpiles* project was flagged 'at risk' due to delays in implementation experienced primarily due to resignation of the project coordinator and because key project staff positions had not yet been filled. Follow-up by the Bank team resulted in new staff members being assigned to the project and improvement in the overall communication between project partners. A reassessment of progress will occur at mid-term, during FY10.
- the *3A-W Africa Stockpiles (Mali, Tanzania, Tunisia, South Africa)* project also triggered 'at risk' flags due to implementation delays resulting from some constraints faced by participating countries. Small accumulations of obsolete pesticides and associated waste are unavoidable. Original project design may have underestimated the importance of building prevention efforts into project design, including incorporating, as a high priority, sustainable solutions for tracking, collection and disposal of new accumulations.
- Lastly, the *Moldova POPs Stockpile Management Project* has also triggered 'at risk' flags stemming from issues related to implementation. While progress on clean-up of POPs contaminated pesticides and PCBs, together with progress made on advancing the country's POPs agenda have established a solid foundation, the project faces continuing implementation problems in strengthening the country's

regulatory and institutional arrangements for long-term control of POPs and other toxic substances in line with the requirements of the Stockholm Convention.

3. BEST PRACTICES

Biodiversity

A variety of best practices are evidenced in the World Bank's biodiversity focal area portfolio raging from protected areas management to biodiversity conservation in productive landscapes to coastal zone management to application of the ecosystem approach, as outlined in the examples presented below:

The *South Africa: Greater Addo Elephant National Park (AENP)* aims to establish a mega-biodiversity conservation area around the AENP to avert further ecosystem degradation, and contribute to poverty reduction by influencing direct employment through the development of tourism. Project co-financing has exceeded expectation, and the local South African National Parks' (SANParks) teams are highly skilled and motivated. Some 4,370 new jobs have been created, 58% of the targeted private land has been included in the protected area and 81% of the targeted terrestrial land has been secured through purchases for inclusion in the protected area. Given the success experienced to date, the government has expressed interest in scaling- up the landscape management approach in the Eastern Cape.

The Tunisia *Protected Areas Management* project aims at improving management and protection of selected national parks for the purposes of conserving biodiversity of global importance and contributing to the overall improvement in welfare of local populations. Several micro projects were financed as part of the Community Development Plans (CDPs) for the communities living around the parks, including livestock production, beekeeping, and handicrafts promotion, which have helped diversify livelihood options, resulting in local communities becoming social champions for the parks.

The Morocco *Protected Areas Management* project aims to improve conservation of globally significant ecosystems and species in Morocco through the establishment of a system of protected areas, and strengthen institutional capacity for sustainable conservation management. Good practices from the project include the success of the small grants program which demonstrated direct impacts on poverty reduction – especially for the income generating activities that supported the sustainable growth of the eco-tourism business in various protected areas. Women were particularly active in these events and were involved in many of the community development activities, therefore the majority of small grants were awarded to individual women or women's groups.

In terms of integrating biodiversity considerations into productive landscapes, the *South Africa GEF CAPE Action Plan* is a first of its kind, model project that emphasizes the importance of creating biodiversity corridors between protected areas in productive landscapes. The project has provided technical assistance to the private sector to develop guidelines for biodiversity-friendly production of wine, potatoes, roiboos tea, and flowers.

Two projects in the Latina America and Caribbean region have been recognized for their best practices in incorporating communities and local organizations into project design. Their implementation was founded on local development in order to achieve global environmental benefits. For these projects, local participation meant contributions of communities to project design and adaptive management of project activities, in collaboration with local and national governments and the Bank, throughout project implementation through the creation of special committees representing local communities and organizations, or through such committees or groups that already existed. For example, in the *Argentina Biodiversity Conservation* project, Consultative Committees, composed of representative from local communities and organizations, were created as part of the initiative to develop park-specific approaches to public participation, through which community training events were managed. These committees addressed such issues as defining internal regulations, technical assistance, sub-project prioritization and participation, development of management plans, training workshops for subprojects covering themes such as animal health, environmental education, and local use of native plants, and evaluation of monitoring plans.

Similarly, the Mexico *Indigenous and Community Biodiversity Conservation* project focused on achieving global environmental benefits in three provinces through community-driven conservation. Decentralized implementation of the project allowed for the creation of National and State Committees, both of which had representatives from individual farms and national government agencies and institutions, and reinforced local participation and decision-making. In particular, in coordination with the State Committees, a state-level institutional framework was established to channel resources to communities for their conservation initiatives and to support inter-community networking and collaboration on shared conservation goals. This resulted in targeted institutional strengthening, as well as strengthened community capacity to implement their conservation work via community-to-community seminars, workshops and training courses. The State Committees continued functioning beyond project end and was a contributing factor to the recently approved measure that includes legal recognition for voluntary conservation areas within national protected areas system.[1] The project has been quoted by others (e.g. IUCN) as a best practice for illustrating the value and effectiveness of community-driven conservation.

In Jordan, the *Integrated Ecosystems/Rift Valley* project aims to secure the ecological integrity of the Jordan Rift Valley as a globally important ecological corridor and migratory flyway through a combination of integrated land use planning, ecologically appropriate and nature-based socio-economic development, and biodiversity protection and management. The project has been designed and implemented in a very strategic and adaptive manner, with a view to mainstreaming biodiversity in production landscapes and sectors. Building from the now revised Land Use Management Plan of the Jordan Valley Authority, the project Steering Committee involved the Authority's Regional Development Commissions to join the project, rendering it more dynamic and responsive to the changing landscape and increasing its relevance with respect to mainstreaming Integrated Ecosystems Management approach into land use planning. Specific achievements include: (i) approval of the network of Protected Areas (PA) by the Cabinet after public consultations with different stakeholders; (ii) completion of the baseline rapid ecological assessments and finalization of the reports; (iii) identification of the Special Conservation Areas (SCAs); and (iv) recent approval (one and half year after the project effectiveness) of USAID funding of $700,000 for ecotourism development in Jabbal Masuda which could leverage significant resources for the project and thus contributing to the targeted funding of $2 million.

The *Cameroon Forest and Environment Sector Program (FESP)*, supported by both GEF and IDA financing, is being used by the Government to test innovative budget support mechanisms, wherein GEF financing is blended with a Bank Development Policy Loan (DPL) operation, the aim being to strengthen public and private efforts to achieve socially, economically and ecologically sustainable use of national forest and wildlife resources. Given the unique nature of the project, a stringent monitoring and evaluation system is in place, including success indicators for the biodiversity and forest components and tracking tools to measure progress in the management effectiveness of protected areas (PAME).

The *Indonesia Lambusango Forest Conservation, Sulawesi Project* sought to conserve globally significant biodiversity in Sulawesi through an innovative local management regime and to utilize the lessons learned from this approach to establish similar national/local conservation partnerships in other parts of the country. The project successfully developed an innovative local management regime to conserve the existing biodiversity, the Community Forest Management Forum (CFMF), and worked with the local communities to develop alternative livelihoods while simultaneously reducing the pressure on the resources of Lambusango Forest. The contribution of the CFMC was recognized by the local government, who allocated funds for some of their activities, thereby mobilizing additional funds beyond the co-financing expected at the start of implementation. By linking local development to sustainable forest management and successfully involving the local community, the project helped create a strong ownership by the local communities.

[1] Article 59 of the General Law on Ecological Equilibrium and Environmental Protection of July 2007 – *Ley General del Equilibrio Ecológico y Protección al Ambiente*).

In Armenia, rapid deforestation resulting from urgent demand for firewood was the genesis for the development of the *Natural Resources Management* project approved under the Bank's GEF portfolio. The project was a pioneering attempt to increase natural resource management capacity through national technical, social, and institutional channels, to build capacity in nascent natural resources management institutions and thereby positively affect policy and legislative decision-making. The project encouraged substantial improvements in the country's natural resources management and planning, raised public awareness, and improved institutional capacity, which helped to shape Armenian national and global environmental management priorities and increase the effectiveness of public services.

The GEF *Marine and Coastal Environment Management* project (MACEMP) in Tanzania promotes synergy and interdependence between two GEF focal areas – biodiversity and international waters. The biodiversity element of the project aims to catalyze local economic benefit by supporting the development of an ecologically representative, and institutionally and financially sustainable network of marine protected areas. An international waters aspect is directly tied to this through the project's efforts to build government capacity to measure and manage transboundary fish stocks with an aim to reverse unsustainable depletion patterns of commercial fishery. Development and the destruction of critical marine habitats, along with overfishing, are devastating the critical larger ecosystem. Education underpins the effort, particularly raising awareness regarding the sensitivity of fish stocks and marine ecosystems, and good practices to maintain their health. This project's cross-sectoral, multi-dimensional approach is an effective response to the breadth of the problem.

In Turkey, the *Biodiversity Natural Resource Management project* has generated a myriad of unplanned positive impacts. Although the project was not originally designed to yield explicit poverty, gender or social development outcomes, its participatory planning and small grants-based activities have had positive impacts in these areas. For example, the participatory processes encouraged by the project in drafting the nature protection and biodiversity law and in preparing the protected areas management plans built greater social cohesion and support at the local level for the project's conservation objectives. The judicious use of small grants to encourage local initiatives in ecotourism (e.g. guest houses), public awareness-raising (e.g. educational materials, NGO activities), and relevant income-generating activities (e.g. beekeeping, animal husbandry, customary craft production) played a larger role in local social development, gender sensitivity and poverty alleviation than had originally been anticipated. As a result, project outcomes included support from villages and populations that had been initially hostile to establishment of protected area management, active participation of NGOs in promoting conservation objectives, natural resource-based economic opportunities where none existed before, and increased productive opportunities for women/educational opportunities for children.

Climate Change

The GEF portfolio of the Bank is clearly having a positive impact on climate change. Projects have been instrumental in leveraging additional financing and catalyzing support to improve the efficiency of energy use, the scope of renewable energy generation, and the advancement of low-carbon technologies and low-carbon transport.

In Mexico, the *Climate Measures in Transport* project implemented by the Bank initiated systemic municipal-level reform in Mexico City's public transport system, and laid the foundation for elaboration of a much broader national–level program. As cited in the Portfolio Performance, By Focal Area – Climate Change section above, the project represents one of the most impressive projects with respect to improving mobility and reducing GHG emissions completed to date.

In the Middle East and North African (MENA) region, positive lessons learned have been generated through the Egypt *Kureimat Solar Thermal Hybrid* project, the Morocco *Integrated Solar Combined Cycle Power* project and MENA *Solar Scale-up Program*. Far from a sector-specific concern, climate change is squarely at the center of the dialogue that the World Bank holds on the overall development agenda with its partners in the MENA region. The Concentrated Solar Power (CSP) Scale-up Program in MENA has been benefited from financing through the GEF and World Bank Clean Technology Fund (CTF). There is an increasing interest in CSP in MENA region thanks to the projects under implementation in Egypt and Morocco. These projects used the Integrated Solar Combined Cycle (ISCC) configuration, where energy from a solar field is combined with a conventional combined cycle gas turbine plant and have solar field capacities in the range of 20 MW each.

The two projects are progressing well with infrastructure construction and disbursement of the GEF funding, as receive strong engagement on the part of national authorities in both countries. The Governments of both Egypt and Morocco are very conscious about their leadership and demonstration role in looking at alternative renewable energies in the region and the world. In addition, the two project teams are working closely in view of capturing and eventually scaling up the good practices for the rest of the region, and the world.

Bulgaria's *Energy Efficiency* project has received Highly Satisfactory ratings from the World Bank's Quality Assurance Group (QAG) in both 2008 and 2009. The objective of this project is to support a large increase in energy efficiency (EE) investments in the country through development of a dedicated, self-sustaining and market-based finance facility (BEEF). The BEEF-supported EE investments are to provide sustainable reductions in greenhouse gas emissions. Even in the face of the financial crisis, BEEF has managed to continue lending for energy efficiency and the project is on track to reach its objectives. Though the project did not identify social objectives among its goals at the design stage, many of the municipal projects it has supported, which include hospitals and schools, have had a significant positive social impact. Moreover, as the efforts to improve efficiency scale-up, benefitting from the experience under this project, the environmental gains are expected to be significant.

The Senegalese *Electricity Services for Rural Areas* project is working to introduce renewable forms of energy in order to reduce deforestation, one the country's most urgent environmental problems. Designed as an adaptable program loan, the project is due to span twelve years (2005-2016) with implementation in three phases. Currently in its first phase, the GEF grant, in line with the IDA project, is being creatively used to ensure a level playing field for renewable energy – through the use of pre-defined GEF grant to concessions as "competitive renewable energy subsidy mechanisms" - that will improve the efficiency of the use of the GEF cost subsidy by capping the subsidy per Watt peak to a maximum . This project has allowed GEF financing to bring about more efficient energy technology to small and medium-sized businesses, where the need is the greatest – i.e. where the demand for energy has devastated forests, improved lamps, stoves, and carbonization methods are now being used and other technologies are being promoted with the help of GEF grants. The project is reaching out to the people, promoting community-based wood fuels management programs in peri-urban and urban areas – thus once again community-based initiative is proving vital to success.

Lighting Africa is a GEF-funded IFC-World Bank joint venture through which an international industry alliance was formed, compromised of more than 300 companies interested in entering African markets. The alliance is directly involved in the development of an international quality assurance program - the draft of which has been strongly endorsed by the industry. With the support of *Lighting Africa*, eight initial companies have developed new business models and products for the African markets. *Lighting Africa* won a Green Award from the World Bank. The program provides a model for scaling up access to other products (cook stoves, water purification devices, sanitation technologies) which provide basic services to the underserved. It is too early for this project to have development impact results.

With $16.5 million in GEF support, *CHUEE*, the China *Utility-Based Energy Efficiency Finance Program*, has recruited three partner banks and helped those banks disburse $540 million in energy efficiency loans to 107 EE projects, mobilizing $984 million in private and public investments into EE and renewable energy sector. These 107 projects will reduce 14.3 million tons of CO2 equivalents for the whole world annually. CHUEE's portfolio represents 40% of loans disbursed to the frontier region, while 67% of the borrowers are SMEs. CHUEE trained over 1200 existing partner banks' staff to extend their EE business into 93% coverage of total branches, and provided 6 public trainings to more than 570 participants from energy service companies, equipment suppliers and other partner stakeholders.

CHUEE helped the China Banking Regulatory Commission (CBRC) in one green credit training course and one Equator Principle training course, and completed five industrial and regional EE opportunity studies which helped bank partners and other potential investors deeply understand the EE market. CHUEE has exceeded its target on value of financing facilitated by advisory services 3 years before project completion. It is also reached 67% of its target for GHG emissions avoided directly and 45% of its energy avoided directly targets which were set for 5 years post completion. These highly successful results contribute to the project's rating as highly successful

International Waters

The World Bank's international waters portfolio contains many ambitious, large-scale projects. Some of the best practices that have been recognized, and where the GEF is considered to be playing an important catalytic role, include adoption of a comprehensive approach to shared water basin resource management and marine resources, and incorporating communities and local organizations into project design and implementation.

The goal of the *Argentina – Marine Pollution Prevention* project, was to support long-term protection of international waters and the conservation and sustainable use of marine resources by improving Argentina's capacity to protect marine biodiversity and safeguard Patagonia's marine ecosystem from coastal contamination. Political commitment to implement actions identified in the Strategic Action Plan has been manifested at both the national and provincial levels, training of the national and local governments in state of the art technology to detect waste discharges at ports was conducted, and waste treatment plans were developed. The Environmental Sensitivity Atlas that was developed and made available to the public holds information on key areas via interactive maps and is linked to other projects carried out by NGOs. Additional toolkits developed by project activities and experiences have institutionalized procedures for effective management of MPAs in accordance with standard international practices and has lead to synergies between local institutions as well as stronger ties with the scientific community. Lastly, 21 laboratories have been accredited and meet highest international standards to detect the presence of pesticides in water and soils; and over 240 teachers have been trained in environmental education methods.

Based on the findings of the *Regional: Senegal River Basin Water and Environmental Management Program*, it is apparent that GEF grant funding can play a critical role in leveraging an inclusive reorganization of a regional institution. The project was catalytic in building a more inclusive institutional structure for River Basin management, both regionally and nationally. The comprehensive, inclusive and participatory process of developing a TDA (Transboundary Diagnostic Analysis) and subsequently a SAP (Strategic Action Plan) provided an effective entry point for mainstreaming environment at all levels. GEF's support to the TDA/SAP process for the Senegal River Basin provided a strong incentive to install environmental and land and water management specialists permanently in appropriate Government institutions.

The Moldova *Agriculture Pollution Control* project has made a real change in the behavior of the communities involved with regard to manure management, cleanliness and use of environment-friendly practices to reduce the nutrient pollution of the soil and water resources. The number of technologies transferred and farmers and farmers' associations benefiting from these technologies exceeded project expectations at appraisal stage. The Government, the beneficiaries, as well as the Bank and the project's other Implementing Agencies, have expressed their satisfaction with the results obtained in terms of environmental, economic, social and climate change benefits. It is acknowledged that the results of this pilot project are highly replicable and that the country capacity has been enhanced to continue activities supported by the project. The results of the social survey, the project impact assessment and the seminar participants indicated that there is a considerable demand in the country for up scaling activities like those supported by this project.

Land Degradation

The innovative Strategic Investment Program (SIP) for Sustainable Land Management (SLM) in Sub-Saharan Africa was approved in June 2007. A $150 million umbrella grant was earmarked from the land degradation focal area to support Sub-Saharan countries during GEF-4 in advancing programmatic approaches to scale up climate resilient SLM practices such as watershed management and land use planning, low tillage, intercropping, agro-forestry, small water infrastructure, woodlots, and erosion control. The GEF grant is leveraging an additional estimated $880 million in co-financing from the AfDB, FAO, IFAD, UNDP, UNEP, and the World Bank, as well as from bilateral partners and 29 Sub-Saharan countries themselves. The World Bank leads the SIP for the GEF, and AU-NEPAD leads in Africa. The SIP is one key investment activity in the joint work program of the TerrAfrica partnership,[2] thereby contributing directly to implementation of the UNCCD and NEPAD's Comprehensive Africa Agriculture Development Program (CAADP).

The SIP portfolio is allowing for improved forward operational and strategic planning on the thematic use of GEF resources. This approach allows the GEF to play a stronger catalytic role that enhances country level impact and reduce transaction costs, while leveraging a real regional dynamic around the TerrAfrica partnership to help boost African leadership, accountability and benchmarking.

[2] TerrAfrica is a platform to scale up effective and efficient financing for SLM by building coalitions, sharing knowledge, and aligning and leveraging investment responses at country level. Partners include Sub-Saharan countries and NGOs, AU-NEPAD and regional organizations, the GM and Secretariat of the UNCCD, international agencies, and bilateral governments. See www.terrafrica.org

4. ADMINISTRATIVE EXPENSES

FY09 GEF Administrative Expenditures - IBRD

GEF Secretariat-defined Activities	Staff Weeks	Consultant Time	Staff Costs	Consultant Costs	Travel Costs	Other Costs	TOTAL COSTS
1. Corporate activities:							
(a) Policy Support	124.07	n/a	644,154	-	80,249	14,951	**739,354**
(b) Portfolio Mgmt	202.24	n/a	931,737	-	2,031	271,405	**1,205,173**
(c) Reporting	35.33	n/a	170,033	-	-	40,515	**210,548**
(d) Outreach and knowledge sharing	33.92	n/a	109,686	44,225	10,387	37,851	**202,149**
(e) Support to the GEF Eval Office	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Subtotal - Corporate	**395.56**	**-**	**1,855,610**	**44,225**	**92,667**	**364,722**	**$2,357,224**
2. Project Cycle Management							
Preparation	1,723.80	n/a	7,149,759	1,219,991	1,888,571	14,235	**10,272,556**
Supervision	2,108.21	n/a	8,584,421	1,429,267	2,537,558	12,100	**12,563,345**
Subtotal - Project Cycle	**3,832.01**	**n/a**	**15,734,180**	**2,649,257**	**4,426,129**	**26,334**	**$22,835,901**
TOTAL	**4,227.57**	**n/a**	**17,589,790**	**2,693,482**	**4,518,796**	**391,056**	**25,193,125**

Source: SAP and BW, except for IFC expenses which were obtained from IFC staff.

Notes:

1. The administrative expenses reflect only a portion of the expenditures for the delivery of the Bank's FY09 GEF work program. Because the Bank only charges its GEF budget for the incremental effort, the Bank's GEF expenditures do not reflect the actual full costs of "doing business."
2. There are no Bank staff who work full time on the GEF, nor are there any Bank staff who charge 100% of their time to the GEF, thus, such costs as mission travel are quite shared with non-GEF activities.
3. Corporate activities include costs for the Bank's Central Units (e.g. Legal, Accounting and Disbursement) and audit fees. Preparation includes such non-project-specific costs as Regional Coordination, Thematic Specialists, etc. These expenses are not easily allocated to a project.
4. Consultant time is available, but the Bank does not collect and track this data comprehensively. The data is available from each ndividual consultant's contract. It would however be a labor intensive effort to collect this data for hundreds of consultant contracts.
5. The Bank's systems report its expenses only by preparation and supervision components of the project cycle.
6. The Bank does not track its expenditures with regard to "Support to the GEF Evaluation Office." If the Bank participates in such activity, it is expected that such time and would not be significant.