



Inter-American Development Bank

GEF Annual Monitoring Review  
2010

Agency Overview Report

December 15, 2010

## IDB Overview Report – FY 2010<sup>1</sup>

### 1. Portfolio Overview

- Projects approved during FY2010

During FY2010, the IDB approved 8 new projects for a total of US\$26,131,364 and proposed co-financing of US\$189,446,000. Table 1 includes the list of approved projects.

**Table 1: List of projects approved by the IDB during FY2010**

GEF Project ID	Project Title	Country	IDB Approval Date	GEF Grant US\$
3132	‘Sustainable Land Management of Upper Watersheds in Haiti’	Haiti	Sep-09	3,436,364
2941	‘Transformation of markets for energy efficiency’	Brazil	Oct-09	10,195,000
3875	‘Implementing Sustainable Energy Projects in the Bahamas’	Bahamas	Oct-09	1,000,000
3532	‘Protecting Biodiversity in the Southwestern Caribbean Sea ‘Seaflower’	Colombia	Nov-09	3,000,000
3548	‘Marine and Coastal Biodiversity Conservation’	Ecuador	Mar-10	4,000,000
2881	‘Marine and Coastal Resources Management in Puntarenas’	Costa Rica	Mar-10	3,000,000
4219	‘Emergency Program for Solar Power Generation and Lighting’	Haiti	Mar-10	500,000
3891	‘Support to the Sustainable Energy Framework for Barbados’	Barbados	Mar-10	1,000,000
<b>TOTAL</b>				<b>26,131,364</b>

The composition of this cohort of new projects includes 5 Full-size projects (FSPs) and 3 Mid-size projects (MSPs), all of which will be implemented at the individual country level. In relation to the focal areas, half of the projects (4) are related to climate change, 3 to biodiversity and 1 is multi-focal.

- Projects under implementation during FY2010

By the end of FY 2010, the IDB-GEF portfolio comprised of 16 approved projects for a total amount of US\$55,086,364 and a proposed co-financing of US\$459,457,000, resulting in a co-finance ratio of 1:8.

Only 6 of these 16 projects began implementation on or before June 30, 2009. These 6 projects amount to \$20,295,000 in GEF grants. In terms of distribution by focal area, 3 are under Biodiversity, 1 under International Waters, 1 under Climate Change and 1 is Multi-focal. In terms of project type, all except 1 are full-size projects. In terms of their geographical distribution, 5 are regional in scope (involving 2 or more countries) and only 1 is national, in Honduras.

<sup>1</sup> FY2010 for the GEF started July 1<sup>st</sup>, 2009 and ended June 30<sup>th</sup> 2010.

- Disbursements

By the end of FY2010, these 6 projects which began implementation before July 2009 will have disbursed US\$9,966,510 of GEF grants. The IDB made 3 Cash Transfer Requests to the GEF Trustee during FY2010 and received US\$5,276,700, of which US\$3,270,223, or 62%, was actually disbursed. Table 2 below summarizes the information per project.

**Table 2: Disbursement levels of projects that started implementation on or before June 30<sup>th</sup> 2010**

GEF Project ID	Project Title	Project Start Date Effective	GEF Grant	GEF Disbursement As of June 30 2010	% of GEF Grant disbursed
1515	Consolidation of Ecosystem Management and Biodiversity Conservation of the Bay Islands	10/12/2004	\$2,500,000	\$1,501,074	60%
1092	Integrated Ecosystem management in Indigenous Communities	4/20/2005	\$5,000,000	\$3,663,696	73.3%
963	Environmental Protection and Maritime Transport Pollution Control in the Gulf of Honduras	2/6/2006	\$4,800,000	\$2,357,324	49.1%
3005	Clean Tech Fund	12/27/2006	\$995,000	\$563,996	56.7%
2686	Integrated Management of the Montecristo Trinational Protected Area	3/16/2007	\$3,500,000	\$1,639,721	46.8%
2517	Sustainable Environmental Management for Sixaola River Basin	11/24/2008	\$3,500,000	\$240,699	6.9%
<b>TOTAL</b>			<b>\$20,295,000</b>	<b>\$9,966,510</b>	

The political crisis in Honduras, which lasted from June 28<sup>th</sup> 2009 to January 28<sup>th</sup> 2010, was a major setback for most of the portfolio's projects. As a result of the crisis, international cooperation organizations such as the Organization of American States (OAS), the United Nations (UN), and the Secretary General of the Central American Integration System (SICA) suspended all activities in which this country was involved. This position was also assumed by the IDB. The four projects affected by this crisis experienced an effective halt in activity execution, which ranged from a couple of months to almost one full year. All projects normalized disbursements by May, 2010. To counteract for these unexpected delays these projects are requesting, or have already done so, an extension in the project closure date for implementation in order to complete the planned activities.

- Analysis of GEF portfolio's relation to IDB's regular work program and results of IDB mainstreaming:

The IDB supports countries in the Latin-American and Caribbean region address environmental challenges through a set of policies, guidelines, project sustainability tools, knowledge development and training, and sound natural resources management investments. In time, IDB has increasingly enhanced its capacity to mainstream environment into lending program of the various sectors covered by the Bank. In 2006, a new Environment and Safeguards Compliance Policy was adopted, reinforcing the Bank's capacity to mainstream environment primarily through the introduction of more rigorous

standards for lending operations and the use of Country Environmental Assessments to support the Country Programming process. While the implementation and compliance of the Environmental Policy has helped raise environmental considerations across sectors, another driving force for environmental mainstreaming has been the launching of the IDB's Sustainable *Energy and Climate Change Initiative (SECCI)* in 2007. As a result of these reforms, during 2009 alone the Bank was able to approve nearly US\$3.5 billion worth in operations (policy oriented, technical cooperation, market mechanisms and investments) targeting Climate Change Mitigation, Renewable Energy and Environmental Improvement.

Most recently, the IDB's Board of Governors approved the Bank's ordinary capital increase by \$70 billion, the largest expansion of resources in the Bank's history. The capital expansion agreement includes an update in the Bank's Results Framework Matrix, and sets 5 lending program priorities for the period 2012-2015. Of particular relevance for GEF is the lending priority indicator "to support climate change initiatives, sustainable energy (including renewable) and environmental sustainability". This priority has a target of 25% of the total lending operations established for 2015, compared to the current 5%. All GEF projects contribute towards this lending priority, thus enhancing the Bank's commitment to mainstreaming environmental issues into its development agenda.

Under this Lending Priority, the IDB identified areas where its involvement can make a substantial contribution to growth and equity, placing a strong emphasis on climate change (both mitigation and adaptation), conservation and sustainable use of biodiversity, and reduction of industrial contamination, including Persistent Organic Pollutants. These are also areas where the IDB can leverage its comparative advantage on the basis of prior experience, good practice, innovation, and ongoing investments in the development of policy-enabling knowledge.

Since becoming a GEF Agency in 2004, the IDB has been working on mainstreaming GEF projects into regular Bank's business. As of the end of FY2010, there are 4 different bank department/sectors, and 4 divisions, that are implementing and/or preparing GEF projects. These include the Infrastructure and Environment Sector (divisions of Rural Development and Natural Resources and Disaster Risk Management, of Energy, and of Water and Sanitation), the Social Sector (Gender and Diversity Unit), the Structured and Corporate Finance Department, and the Multilateral Investment Fund. These last two deal with the private sector.

## 2. Portfolio Performance by Focal Area

### a. IDB contributions towards focal area strategic priorities/programs and targets

During this reporting period, the IDB has contributed to GEF strategic priorities and programs for the following focal areas:

- **International Waters** GEF-3 Strategic Priorities: According to this year tracking tool, the *Environmental Protection and Maritime Transport Pollution Control in the Gulf of Honduras* project (GEF ID 963) has helped establish a Regional Steering Committee which, although still functioning on an informal basis, has the presence of mid and high level representatives from the environmental, transportation and port authorities of the three participating countries, the executing agencies, as well as non-government organizations. On the other hand, the final Transboundary Diagnostic Analysis (TDA) and draft Strategic Action Plan (SAP) were completed, are under analysis, and require the final approval of the relevant stakeholders.

- **Biodiversity** GEF-3 Strategic Priority 1, Catalyzing Sustainability of Protected Area Systems at National Levels:
  - i) The *Consolidation of Ecosystem Management and Biodiversity Conservation of the Bay Islands* project (GEF ID 1515) had an important achievement since, after many months of deliberations, the Bay Islands Marine National Park (PNMIB) was legally declared in June 2010, adding a total extension of 647,152.49 hectares of MPA and buffer zone. The PNMIB's core zone is 52,408.70 hectares. The GEF project was originally promoting the establishment of six smaller marine parks that would have had a total added extension of 18,548.45 hectares. Furthermore, according to the information provided in the tracking tool, the Port Royal National Park (499.59 Ha) showed improved management effectiveness against baseline scenarios, as its hired personnel received the required training for the implementation of the programmed activities and objectives, including monitoring activities. The other 2 protected areas, Turtle Harbour Wildlife Refuge (933.85 Ha) and Guanaja Pine Forest Reserve (2,680 Ha), showed no improvement during FY2010;
  - ii) The *Integrated Management of the Montecristo Trinational Protected Area* (MPTA) project (GEF ID 2686), whose global objective is to contribute to the protection and conservation of globally important biodiversity, natural processes, and environmental services of the protected area in the Trifinio Region in Guatemala, El Salvador and Honduras, covers a total of 52,548.63 hectares including the buffer zone in the 3 participating countries. According to this year tracking tool, management effectiveness within the PA has improved, especially in the 5,996.3 hectares of the core protected area. The tri-national management plan is being partially implemented in the 3 countries, a draft integrated land use plan for the entire MPTA has been prepared, and the MPTA now has a research program that guides the investigations within the protected area.
- **Biodiversity** GEF-3 Strategic Priority 2, Mainstreaming Biodiversity Conservation in Production Landscapes and Sectors: Analysis of satellite images and field information gathered at each ecoregion in the *Integrated Ecosystem management in Indigenous Communities* project (GEF ID 1092) indicate that 162, 810 hectares are currently under community conservation, and 207,487 hectares are under sustainable traditional use.
- **Climate Change** GEF-4 Strategic Priority 3, Promoting market approaches for renewable energy, OP6 Access to local sources of financing: The *Clean Tech Fund* project (GEF ID 3005) is contributing to the mitigation objectives of the climate change focal area by achieving direct Green House Gas Reductions of 25,082 million tons of CO<sub>2</sub>. In addition, the project has supported the development of 3 run-of-river mini-hydro plants in Brazil and Peru, and 1 Landfill Gas to Energy (LFGTE) project in Mexico that have resulted in an on-grid electricity production of 112,198 GWh.

b. Outcomes and implications for the overall portfolio

At the portfolio level, 50% of the projects received ratings of Moderately Satisfactory or higher for the “likelihood of achieving project objective”. These project ratings are reflective of the high complexities associated to regional projects with high political and regulatory components, which for this case are a majority (5 out of 6). Main challenges encountered by this type of projects include differences in legal and institutional requirements and capacities between participating countries, which are barriers to the implementation of coordinated activities. In this sense, IDB's role of supervising and fostering the executing agency's capacity to manage portfolio activities and to promote dialogue between countries/parties, in order to make the necessary agreements for project implementation, is pivotal to the project's success.

The “implementation progress” of the portfolio had 50% of projects receiving a Moderately Satisfactory or higher rating as well. During the current reporting period, 4 of the projects (66% of the portfolio)

included in this analysis were affected to different degrees by the 6-month political crisis in Honduras during the period of June 28<sup>th</sup> 2009 to January 28<sup>th</sup> 2010. As a result of the crisis, the Secretary General of the Central American Integration System (SICA) excluded Honduras from the international organism and suspended all activities in which this country was involved. This position was also assumed by the Organization of American States (OAS), the United Nations (UN) and thus, by all other international cooperation organizations. Accordingly, the Bank stopped all disbursements and correspondence with project executors was limited, causing the projects to be on standstill for the second semester of 2009 and until March 2010, when relations were re-established. However, disbursements did not restart until May 2010. Up to this moment, Honduras is not fully accepted into all Central American and International organisms at the executive levels, hampering the potential execution of some components involving policy and regulatory frameworks. However, country participation at the technical participation is taking place, providing some certainty that the projects will likely continue their execution successfully.

In spite of this major circumstantial setback, for FY2010 the IDB portfolio has had the following outcomes for these focal areas:

### ***Biodiversity***

- The government of Honduras legalized 2 of the priority terrestrial protected areas and established one large national Marine Park around the Bay Islands, enabling the continuity in the execution of the *Consolidation of Ecosystem Management and Biodiversity Conservation of the Bay Islands* project received a Moderately Satisfactory rating on implementation progress due to the delays associated to the political crisis previously explained. An important step towards achieving the financial sustainability of the protected areas is this year's approval of the regulation of the environmental and security tariff, and the operational mechanism proposal generated by the consultancy "Design and Application of the Bay Islands Environmental Fee Recollection and Implementation System". These two achievements will facilitate the enforcement of the environmental and security tariff, as it determines the procedures to follow for its recollection and use, as well as the administrative and technical structure required.
- For the *Integrated Ecosystem management in Indigenous Communities* project, 90% of the global and impact indicators of the project's framework have been achieved. Regarding the objective of strengthening the capacity of indigenous communities to protect and manage their natural and cultural resources, 6,054 community representatives have received training on various issues related to governance, management and conservation of biodiversity, skills and traditional land use, and 176 institutional and natural resources diagnostics have been done in the six priority project areas (Maya, Pacific Dry Forests, Talamanca-Bocas, Sumo-Miskito, Darien-Kuna, and Caribbean Humid Forest). Another important achievement by June 2010 is the implementation of 69 subprojects aimed at promoting development, capacity building, conservation and cultural management of ecosystems, funded with \$1,320,921.08 of funds and local input provided by the executing agencies and beneficiary communities.
- *The Integrated Management of the Montecristo Trinational Protected Area* project received a Moderately Unsatisfactory rating for implementation progress since few activities have actually been carried out at the field level during FY2010. At the moment the project should have been concluding execution but key consultancies are either being finalized or are still in the procurement process, including the protected area's baseline and the financial sustainability analysis to study the different financial mechanisms that could be implemented. In order to solve this, the IDB is strengthening its monthly supervision of the project's execution in terms of milestones and

timelines and its coordination with the KFW's project<sup>2</sup> currently being designed to coordinate activities and ensure continuity. Though there is a consensus on the establishment of the natural biological corridors, these are not yet established and in operation. Another challenge that has been encountered by this project is the weak involvement of the Trinational Executive Secretariat of the Trinational Commission for the Trifinio Plan (CTPT/SET) in project execution. Their absence in the project execution has been a disadvantage when trying to negotiate or seek support from other governmental entities not involved directly in protected areas management.

### **Climate Change**

- The *Clean Tech Fund* (CTF) project is the only project currently under implementation focusing on Climate Change. So far, activities financed by this project include 11 pre-investment feasibility studies (technical, financial, environmental and market analyses); 6 business plans and support for projects' financial structuring; and 3 assessments of project risks. The Fund developed 4 renewable energy projects that consisted of 3 mini-hydro plants and 1 Landfill Gas to Energy (LFGTE) project. Of the 4, one was already sold, and 3 are producing renewable energy and hence, carbon credits. The progress is ongoing as the three mini-hydro projects are in operation or construction. Given that the project is on track, the PIR indicates a Satisfactory rating on implementation progress.
- It is worth underscoring the significant progress in energy efficiency made by the design of a bio-fuels processing technology promoted by the CTF aiming to achieve a much higher efficiency in the processing of corn to produce starch.

### **International Waters**

- The implementation of the *Environmental Protection and Maritime Transport Pollution Control in the Gulf of Honduras* project has already contributed to develop national capacities to prevent and control pollution originated by maritime transportation in the participating countries (Belize, Guatemala and Honduras), and improved the environmental management of each of the 5 ports of the Gulf of Honduras.
- The project also carried out activities to improve the safety in navigational routes, such as providing tools like the hydrographic equipment to obtain hydrographic and oceanographic information. It also organized the first of 5 planned forums which was held past May 2010, in Guatemala. Local actors considered it was a unique opportunity to know each other and to ponder about the future of the Gulf of Honduras. Of special consideration was the interest in redoubling efforts to declare the Gulf of Honduras as a Particularly Sensitive Sea Area (PSSA), to strengthen port environmental management units, and to maintain links and communication among the stakeholders.
- Although at the national level the project is achieving important outcomes, one of the main challenges that the project faces is to create a common and coordinated regional capacity, especially in certain extreme situations like oil spills. This weakness is significant especially considering that the project's global objective is the implementation of a regionally coordinated Strategic Action Plan that will result in regional, and by extension global, environmental benefits.

### **Multi-focal**

- Because the bi-national governance structure of this project, the *Sustainable Environmental Management for Sixaola River Basin* project has encountered considerable problems to get off the ground. Particularly challenging was the selection of the agency in charge of managing the project

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<sup>2</sup> KFW's Programa Protección de Bosques Tropicales y Manejo de Cuencas en La Region del Trifinio

funds, which is Fundación Natura - Panama, and the subsequent endorsement to the contract signed with the Autoridad Nacional de Ambiente (ANAM) by the Comptroller General of the Republic. It was only by the end of 2009 that this problem was resolved, but further unexpected delays such as the lengthy administrative procedures required for disbursement of funds have meant that so far, the project hasn't been able to execute most of the planned activities on the field. As a result, this project received an unsatisfactory rating for implementation progress.

c. Progress on projects that received sub-optimal ratings in AMR 2009

The *Sustainable Environmental Management for Sixaola River Basin* was the only project that received a sub-optimal rating in the AMR 2009 due to the fact that it was experiencing serious start-up delays. For this year's AMR, the IDB reports that there has not been any substantial progress in relation to this project. As of the end of FY2010, the project execution arrangement was yet to be finalized because of delays that were outside of the IDB's control, such as the lengthy administrative procedures required for disbursement of funds and for the establishment of the binational commission to enforce the execution of the operational plan. It is expected that the overall ratings for this project will improve significantly next year (FY2011) since these problems are now resolved. The IDB also appointed a new team leader that has been actively supervising the implementation of this project. As a first step, the IDB team promoted the creation of the binational commission and installation of the first meeting in October 2010 and is organizing meetings with relevant stakeholders to identify and resolve negative issues.

d. Portfolio Risk

As indicated above, the regional nature of a majority of the projects under the current portfolio and the political circumstances that took place during FY2010, makes this project's execution risks higher than if IDB's portfolio had a larger portion of country-based projects. One of the risks shared by this type of projects, though at different degrees, is the lack of willingness and capacity from governments and others local actors to coordinate at a regional level. A weak coordination amongst participating countries can hamper the achievement of the project's objectives in relation to their original regional scope

Another factor that increases the risk of the IDB portfolio is the fact that it is heavily focused on a limited number of countries (5 out of the 6 projects are being implemented in Central America). This means that any negative event in the region will have an important impact on the portfolio as a whole. As mentioned earlier, the political crisis that happened in Honduras during 2009 affected the implementation of 4 projects involving that country and also weakened coordination in the case of regional projects. This is reflected in the fact that 66% of the projects have a risk rating of substantial or higher; a rating that we expect to improve significantly by next year as relations between participating countries continue to normalize and since the IDB has already taken actions geared at tackling the problems that resulted from this crisis.

Identified risks in each project include:

- *Consolidation of Ecosystem Management and Biodiversity Conservation of the Bay Islands - The project* risk is rated high. Main risks are of financial and institutional nature. The planned extension of project duration will reduce these risks by providing the executing agency (Zolitur) with sufficient time to continue to offer the necessary assistance to the municipalities in order ensure the adequate operation of the systems, and to work with the Ministry of Finances to ensure the correct



bylaws are formulated and applied for the newly established Environmental Conservation and Security tariff.

- *Sustainable Environmental Management for Sixaola River Basin* - The project was rated as high risk due to the fact that, as of the end of FY2010, the project execution arrangement had not been finalized. As previously explained, this was due to unexpected delays in the selection of the agency in charge of managing the project funds, and lengthy administrative procedures required for disbursement of funds and to establish the binational commission to enforce the execution of the operational plan. It was identified that if the project didn't start executing activities soon, the possibility that the stakeholders at different levels reduce their interest and commitment to stay involved in the management of the Basin was substantial. It is expected that the risk rating will improve significantly next year as the start-up problems have already been solved. In addition the IDB has appointed a new team leader in May 2010, who is based in Panama and has been actively supporting the implementation of this project.
- *Integrated Management of the Montecristo Trinational Protected Area* – This project had an overall risk assessment of substantial. For example the lack of funding from the governments, especially of Guatemala and Honduras, to finance management of their respective protected areas continues to be a structural threat to the conservation of the natural resources and the protection of the biodiversity in the MTPA (only El Salvador provides sufficient resources to cover its portion of the MTPA, which only corresponds to 20% of the MTPA's total area). The mechanisms for sustainable financing are being developed in an innovative way, but their implementation will require time and on the ground pilot projects. In addition, the lack of regulations and bylaws for the buffer zone, park markers and institutional presence limits the control of inappropriate use of the natural resources causing the destruction of biodiversity and fragmentation of ecological habitats and functions. In order to is strengthening its monthly supervision of the project's execution in term of the milestones and the timelines, will provide a careful review of the Financial Sustainability Plan and continued support to facilitate its approval and implementation.
- *Environmental Protection and Maritime Transport Pollution Control in the Gulf of Honduras* - This project was rated as substantially risky mainly because the coordination between participating countries has yet to be consolidated and this has lead to delays in project implementation. In turn, these delays have increased the risk of the project not being able to achieve its objectives in the remaining execution time, especially since the remaining administrative budget is not enough to cover expenses that will be incurred by the Executing Agency if the duration of the project is extended. Following recommendations from the Mid-term review, during 2011 the IDB will provide the necessary support so that the demonstration projects start execution and the strategic action plan be validated and signed.
- *Clean Tech Fund* - Last year, this project's overall risk is low as now the Fund is fully invested and, although two out of the seven investments made are still non-operational, the others are performing according to expectations.
- *Integrated Ecosystem management in Indigenous Communities* - The overall risk for the project is considered low. The executing agencies have been able to improve their efficiency in management and administrative procedures, and the project is on track to achieve its objective by the time of its expected closing date in 2011.

### 3. Co-financing

The ratio of GEF funds to proposed co-finance for the 2 projects that undertook a mid-term review is of 1:2.5. Overall, approximately 29% of the total co-financing comes from IDB's own resources, mainly in the form of loans to participating countries. The rest is cash or in-kind contributions coming from governments, local actors, bilateral aid, international and national NGOs, and the private sector. An important achievement to highlight is that in both projects reporting co-financing, these were able to leverage additional funds after project initiation.

In the case of the *Environmental Protection and Maritime Transport Pollution Control in the Gulf of Honduras* project, the increase in actual co-finance is due to leveraged funds by the IDB and an increase in co-financing from the Meso American-Caribbean Sea Hydrographic Commission (MACHC). The IDB leveraged a technical cooperation with its Spanish fund (No. RS-T1086) to support the environmental management of the ports in the Gulf of Honduras during 2006 and 2007. This funded the environmental evaluation and risk evaluation of the 5 participating ports identifying an action plan that each one should carry out. The MACHC has worked side by side with the countries of the Gulf of Honduras and the RPCU via training and in the participation of the Private sector of the three countries in activities related with the project, particularly in the formulation of the Hydrographic Activity Implementation Plan at an estimated value of \$1,177,712 from 2005 to 2008.

The *Integrated Management of the Montecristo Trinational Protected Area* project successfully leveraged more than 2 million dollars for activities implemented in the area. A regional Public Goods Cooperation from the IDB (No. RG-T1157 - BPR 13) was executed by the Trinational Commission for the Trifinio (CTPT) from March 22, 2006 to March 21, 2010 having disbursed \$ 826,240. Tim Hortons, a Canadian company, is financing through PROTCAFES a total of \$1,222,552 to promote sustainable coffee plantations, improve merchandising and commercialization of the coffee products in the area with a greater social and environmental responsibility. This project is being implemented from July 1<sup>st</sup>, 2008 to December 31<sup>st</sup>, 2011.

It is also important to note that, even though it is not being considered as direct co-finance for this project, a new \$2.5 million MIF (IDB) operation was approved in April 21<sup>st</sup>, 2010 and is currently effective since July 20th, for the development of a Sustainable Tourism Program in the Trifinio Region (PROTUR).

**Table 3: Co-finance levels of projects that started implementation on or before June 30th 2010 and have undergone a Mid-term Evaluation during FY2010**

GEF ID	Project Title	Project Start Date Effective	Co-financing (proposed)	Co-financing + leveraged (actual)	Co-financing (disbursed as of June 30 2010)	% of co-finance disbursed
963	Environmental Protection and Maritime Transport Pollution Control in the Gulf of Honduras	2/6/2006	\$6,500,000	\$7,570,000	\$6,170,000	81.5%
2686	Integrated Management of the Montecristo Trinational Protected Area	3/16/2007	\$5,490,000	\$7,540,000	\$4,412,000	58.5%
<b>TOTAL</b>			<b>\$11,990,000</b>	<b>\$ 15,110,000</b>	<b>\$10,582,000</b>	

#### 4. Lessons Learned

The following lessons learned are based on information provided within the PIRs included in this year's exercise:

##### CLO1: Enhancing social impacts through the improved understanding of the causal relationships between environmental management and local community welfare

- The strengthening of a social platform is an appropriate strategy for managing Protected Areas. Increasing the capacities of communities to have access to relevant information and actively participate in the management of the areas increases the sustainability of the interventions.
- The contribution of traditional-knowledge-based territorial planning to local community welfare is important because it allows the beneficiaries to use this information for fundraising, to negotiate with local and regional agencies, and to develop activities prioritized in terms of their livelihood improvements.
- It is crucial to create open communication channels between the project team and final beneficiaries. This not only increases the trust level amongst stakeholders but promotes a culture of dialogue and team work and can improve general understanding of the links between the environmental and social issues.
- Projects in sensitive areas need to perform social impact assessments in order to identify possible risks and the actions to mitigate such risks.

##### CLO2: Enhancing the catalytic effect of GEF financing with the aim of: identifying, scaling up and replicating best practices, improving the science evidence base to develop projects, strategies and policies, and capturing learning from demonstrations across all focal areas.

Although IDB's GEF portfolio is still too young to show any examples of its catalytic effect, experience in design and implementation of GEF projects provide lessons geared towards ensuring good results, best practices and, therefore, enhancing GEF's potential to be a catalytic source of financing.

- It is important to be very realistic when establishing project goals during the design phase, especially when determining the logical framework or results framework indicators. Overambitious projects place undue burden on management which needs to spend unplanned resources on adjusting the original objectives and lowering initial expectations of participating stakeholders. In addition some of these projects need to go thru a significant redesign process which may lead to delays in execution.
- In order to be catalytic it is important to have a good understanding of the strengths and weaknesses of the local and national labor market at the design stage, as options to scale-up positive experiences are sometimes hindered by limitations in availability and existing technical capacities of personnel.
- Steering Committees can play an important role in ensuring that the relevant scientific considerations are taken into account, particularly in the case of regional projects where political issues may be prioritized. In these cases the composition of these committees should be planned and agreed during the design stage.
- At the design stage, the project team should not include any legal conditions prior to first disbursements that are not under the direct control of the project. A significant amount of time could pass before legal conditions such as laws and decrees are agreed and signed, especially for regional projects, and this can have a serious impact on future execution activities.

- Projects involving technology applications should undertake a thorough technical due diligence to guarantee that the technology is suitable for each particular situation.

#### CLO4: Improving performance monitoring at project and portfolio level.

- Monitoring procedures should have the necessary resources and autonomy to provide relevant and useful inputs for the decision-making process, and for the tracking of physical and financial execution performance.

- Projects must create information systems that facilitate access to monitoring and evaluation information for all stakeholders and ensure that lessons learned and experiences are internalized and shared.

- The execution of a regional project, involving one management plan in a trans-boundary area, requires a team with a high level of expertise in management and administration, and with negotiation and conflict resolution skills. All stakeholders involved should be aware that processes and procedures won't be as straight forward as in national projects.

- Mid-term evaluations overtaken by independent consultants or firms not only ensure objectivity and impartiality of reports, but can also provide the project with new ideas and options for adaptive management.

- The gathering of baselines should be a priority (or in some cases a pre-requisite) at the start of any intervention. If this condition is not accomplished the monitoring and evaluation processes are very limited.

- It is important to establish a periodical cross control between logical framework, the operational plan, and results achieved in order to ensure that the project maintains its original overall objective.

- For projects involving indigenous and rural communities, the project's design of a monitoring and evaluation plan should integrate their own system of participatory monitoring and evaluation to ensure the appropriation of the project by these groups.

## **5. Best Practices**

The IDB considers that the success of the *Integrated Ecosystem management in Indigenous Communities* project in ensuring the participation of local communities in sound resource management can be shared as a best practice. The broad communication and discussion with all stakeholders since the design stages of the project on its environmental objectives and benefits, created a sense of ownership which contributed to high levels of participation and avoided delays and following misunderstandings throughout the project implementation.

Moreover, capacity building and strengthening activities promoting sustainable resource management are based on the cosmovision and traditional land use patterns of the indigenous peoples and farmers. Along this lines, the project is working towards establishing regulations for the natural resources use that are related to already existing traditional legislation frameworks (indigenous peoples customary laws). Respect for local values also ensured the participation of indigenous authorities, including the Caciques and Sailas, which facilitated the processes of validating and approving decisions, and monitoring activities.

The project has also been proactive in tackling important gender issues. Women have played an important role in the decision making, communal organization promotion, and productivity, including farming/harvesting of organic cacao and artisan/tourism activities (among others). This has increased the women leadership in the livelihood development and improvement.

In addition, the project has created the opportunity for the beneficiaries and partners in Central America to share different cultural visions, which is an important step for the organizational development and local/regional planning.

## 6. Administrative Expenses

IADB Administrative Costs FY-10							
Estimated Actual Administrative Costs	Staff Time	Consultant Time	Staff Cost	Consultant Cost	Travel Cost	Overhead Cost	Total Cost
	Days		US\$				
<b>1. Corporate Activities</b>							
a) Policy Support	39	59	21,692	19,026	35,211	6,861	82,790
b) Portfolio Management	117	168	64,570	53,760	0	12,007	130,337
c) Reporting	21	45	11,814	14,270	1,697	3,431	31,212
d) Outreach & Knowledge Sharing	42	69	23,008	22,182	26,199	5,146	76,535
e) Support to the GEF EO	2	3	1,181	951	0	0	2,133
<b>Subtotal</b>	<b>222</b>	<b>344</b>	<b>122,265</b>	<b>110,189</b>	<b>63,107</b>	<b>27,445</b>	<b>323,573</b>
<b>2. Project Cycle Management</b>							
a) Project Preparation and Approval	1,302	721	716,031	230,805	119,625	101,205	1,167,667
b) Project Supervision, Monitoring and Evaluation	442	541	243,134	173,183	26,301	42,883	485,502
<b>Subtotal</b>	<b>1,744</b>	<b>1,262</b>	<b>959,166</b>	<b>403,988</b>	<b>145,926</b>	<b>144,088</b>	<b>1,653,168</b>
<b>Total</b>	<b>1,966</b>	<b>1,607</b>	<b>1,081,431</b>	<b>514,178</b>	<b>209,033</b>	<b>171,534</b>	<b>1,976,741</b>

### NOTES:

- Amounts may not add up due to rounding.
- Staff time for Project Cycle Management activities reflects actual time recorded in IDB Time and Labor Reporting System (TLRS). Costs are calculated using an estimated average rate of IDB Staff.
- The IDB does not record staff time associated with the reporting categories for Corporate Activities as classified by the GEF. In consequence, staff and consultant time and costs reported for these is an estimate.
- Consultant and travel costs reflect actual expenditures recorded in IDB's project accounting system BUD-E. Consultant time is calculated using an estimate average daily rate.
- IDB's overhead cost is 10% of the total fee received (in FY2010 IDB received \$1'715,336 in Agency Fees).
- The total costs presented in this table differ from what the IDB reported in this year's GEF Fee Exercise. These differences are due to re-classification of expenses (\$9750 in consultant costs, and \$8320 in travel costs).