



Special Evaluation Study

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Asian Development Bank–Global Environment Facility Cofinanced Projects: Performance and Process Evaluations

Operations Evaluation Department

Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
CACILM	–	Central Asian Countries Initiative for Land Management
CMPF	–	CACILM Multicountry Partnership Framework
PRC	–	People's Republic of China
ESCAP	–	United Nations Economic and Social Commission for Asia and the Pacific
GEF	–	Global Environment Facility
GMS	–	Greater Mekong Subregion
MOEF	–	Ministry of Environment and Forests
NGO	–	nongovernment organization
OED	–	Operations Evaluation Department
PDF	–	project development facility
RETA	–	regional technical assistance
SEF	–	strategic environment framework
TA	–	technical assistance
TAG	–	technical advisory group
UNCCD	–	United Nations Convention to Combat Desertification
UNDP	–	United Nations Development Programme
UNEP	–	United Nations Environment Programme

NOTE

In this report, "\$" refers to US dollars.

Key Words

global environment facility, asian development bank projects, global environment project process joint evaluations, joint evaluations, performance evaluations environment projects

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The guidelines formally adopted by the Operations Evaluation Department (OED) on avoiding conflict of interest in its independent evaluations were observed in the preparation of this report. Carmencita Balbosa, Arif Faisal, Nirmalie Pallewatta, Frank Radstake, Bayarmaa Surenkhorloo, and J. Frederick Swartzendruber were the consultants. The Director General, OED had a long involvement in the Asian Development Bank's (ADB) operations in the People's Republic of China (PRC) and as such he did not review the detailed study undertaken in the PRC. Although he (i) reviewed the rest of the report, (ii) made comments for inclusion in the main text, and (iii) approved the entire report, potential conflicts of interest are considered to have been adequately managed. To the knowledge of OED management, the people preparing this report had no conflict of interest.

EXECUTIVE SUMMARY

This evaluation provides results of a two-part study of projects cofinanced by the Asian Development Bank (ADB) and Global Environment Facility (GEF). Chapter II presents the Operations Evaluation Department's (OED) performance evaluation of selected projects in ADB's GEF portfolio, and chapter III provides a joint evaluation of issues related to processing GEF-cofinanced projects for all the GEF partners. As part of efforts to strengthen GEF performance, the GEF community has been discussing the need to streamline and simplify the GEF activity cycle. In January 2005, ADB proposed the idea of a joint evaluation of GEF's process cycle, and all GEF partners enthusiastically welcomed this. In June 2005, following the proposal made by the GEF Evaluation Office, the GEF Council approved partial funding, as a special initiative, to prepare a process evaluation of the GEF project cycle and modalities. Ten GEF partner agencies, including regional development banks, World Bank, and five United Nations agencies provided the balance of the funding.

This evaluation was included as part of OED's work program to contribute to the joint evaluation. The joint evaluation of the GEF process cycle was carried out between October 2005 and October 2006, and the final report is available through the GEF website. Submitted to the GEF Council in December 2006, the report received a favorable response. ADB, as one of the core members of the small management group that carried out the analysis, agreed to undertake a fundamental part of the process evaluation—the review of cycle steps as one of the background papers. This paper was well received by the GEF Evaluation Office.

Since 1991, the GEF chief executive officer has approved 21 proposals involving ADB. Thirteen of these have so far developed into projects, 5 were either withdrawn or dropped, and 3 are in project preparation stage. ADB provided \$214 million for the 13 approved projects; another \$88 million was cofinanced by the GEF. Two of the 13 operations have been closed. Given the timing of the joint evaluation and the ability to build synergies with it, OED undertook the first independent performance evaluation of selected ADB-GEF projects in parallel with the joint evaluation.

Performance Evaluation of Selected Projects Cofinanced by ADB and GEF

The three study projects included in the performance evaluation were located in Bangladesh, People's Republic of China (PRC), and Sri Lanka. The ongoing Sri Lanka project provided an opportunity for OED to give real-time evaluation feedback to improve project implementation.

The first study project is the \$37 million Bangladesh Sundarbans Biodiversity Conservation Project. The objective was to develop a sustainable management and biodiversity conservation system for all Sundarbans Reserved Forest resources. The project sought to (i) improve institutional capacity by setting up the Sundarbans Management Unit, Sundarbans Stewardship Commission, and Stakeholder Advisory Council; (ii) adopt biodiversity conservation and forest management measures; (iii) promote socioeconomic development of the impact zone through the organization of resource users, development of livelihood activities, and community-based planning and implementation; (iv) implement ecotourism and environmental awareness programs, along with basic public infrastructure and training; (v) improve planning, monitoring, and applied research capacity; and (vi) reduce pollution and resource utilization from the Khulna Newsprint Mills. The Forest Department of the Ministry of Environment and Forests was the executing agency.

Overall, the Bangladesh Sundarbans Project is rated as **unsuccessful**. The project is assessed as partly relevant. It was consistent with ADB's forestry and fisheries policies, the Bangladesh environment management action plan, and the Bangladesh forestry policy. However, its design was not realistic in the context of the existing institutional environment to achieve the intended objectives. The Forest Department lacked ownership and commitment. Many risks were not addressed with appropriate implementation arrangements. The project is assessed as less effective. Although some good outputs were accomplished, they have not been integrated effectively to achieve the goal of sustaining the environment and biodiversity in the Sundarbans Reserved Forest. The project is assessed as inefficient because its implementation was slow, given complications of the project proforma and lack of coordination between components. Although some physical construction and equipment-purchasing activities got under way during the first years of implementation, at the time of project cancellation in January 2005, the project had only reached 24% physical completion relative to 75% elapsed time. Sustainability of project outputs is unlikely, given the (i) lack of sufficient funds to maintain constructed facilities and use purchased equipment; and (ii) limited benefits that the project can provide to communities compared to those provided by organized groups interested in exploiting the Sundarbans.

The objective of the \$12 million Protected Area Management and Wildlife Conservation Project in Sri Lanka selected as the second study project was to help the Government conserve the country's natural resources and preserve its wildlife diversity by addressing institutional and legal deficiencies in protected area management and pilot testing participatory adaptive management in priority protected areas. It has four components: (i) strengthening the institutional capacity of the Department of Wildlife Conservation for protected area management, (ii) strengthening the participatory adaptive management of seven pilot protected areas, (iii) developing collaborative conservation planning, and (iv) establishing sustainable financing for community partnership building. Each of these components comprises many subcomponents with a total of 27 activities.

Overall, the Sri Lanka Protected Area Project is rated **partly successful**. The project is assessed partly relevant due to the lack of understanding about institutional constraints and the overambitious design. The project's long-term goals were pertinent because of the need to strengthen wildlife and biodiversity conservation management to mitigate increased pressures on protected areas, and to implement new concepts of decentralization and adaptive management of protected areas. Its objectives were consistent with the country strategy and the international conventions adopted by Sri Lanka. The project is assessed as effective. Substantial progress has been made during 2005 to 2007; several outputs and a few outcomes have been generated in terms of park facilities, research, publicity material, training, adaptive management plans, and community-based activities. At the time of the OED Mission, some key covenants on institutional reforms and legislative action had not yet been complied with, although progress has been achieved for several. The project is assessed as less efficient based on long delays in the start of the project, extending into the third or fourth year after approval. The amount of work expected from the project and the number of consultants assigned to it far exceeded the absorptive capacity of the Department of Wildlife Conservation. A number of steps have been taken to promote sustainability of project outputs. However, considering what the project can likely achieve within the project time frame and in the absence of an extension, the sustainability of the project's outputs is assessed as less likely.

The third case study was a \$1 million regional technical assistance (RETA) on Prevention and Control of Dust and Sandstorms in Northeast Asia. The project was designed to deliver (i) an institutional framework for regional policy and operations coordination among

participating agencies in the PRC, Japan, Republic of Korea, and Mongolia; and (ii) a regional master plan for reducing dust and sandstorms based on scientific findings, which would include a regional monitoring and early warning network and an investment strategy (to guide land rehabilitation and mitigation measures in source areas, sustain financing, and identify eight priority demonstration projects that will help disseminate best practices). The project was closed in 2006.

Overall, the Dust and Sandstorms RETA is rated as **successful**. It was relevant and highly efficient. It increased technical capacity and knowledge and fostered cooperation among national and international stakeholders in addressing the problem. It is rated successful given the effectiveness of actual outputs, a program for an advanced monitoring plan, and an investment strategy to control and prevent dust and sandstorms. However, its sustainability is less likely because the program developed is not likely to be implemented without follow-up interventions.

OED also reviewed the implementation progress of the rest of the GEF projects. The GEF portfolio in ADB is quite small and young, and its success to date has been mixed. Of the 13 operations approved, all had goals that were consistent with GEF concerns. The first GEF-cofinanced operation prepared as a RETA was successful and was accessed through the United Nations Development Programme. Subsequently, ADB sought direct access to several projects with a biodiversity design. These were overambitious and aimed to simultaneously achieve complex institutional and technical aspects without adequate analysis of the extent of ownership and capacity in the developing member countries. Learning from these experiences, phased approaches are being undertaken especially in the focal area of land degradation. However, many of the projects are ongoing and, therefore, their success cannot be determined. Of the 13 proposals developed into operations, 3 are premature in their development to permit a measure of their success. Of the remaining 10, one (Bangladesh Sundarbans Project) was unsuccessful and canceled, and another (Wind Power Development Project) was terminated by the PRC government due to a tariff issue. From the information available, OED believes that of the remaining eight, 4 (Asia Least-Cost Greenhouse Gas Abatement Strategy Project, Efficient Utilization of Agricultural Wastes Project in the PRC, Prevention and Control of Dust and Sandstorms in Northeast Asia, and Capacity Building to Combat Land Degradation in the PRC) are likely to achieve most of their objectives and another 4 (Protected Area Management and Wildlife Conservation Project in Sri Lanka, Tonle Sap Conservation Project in Cambodia, National Performance Assessment and Subregional Strategic Environment Framework Project in Mekong, and Natural Resources and Poverty Alleviation Project in Afghanistan) may partly achieve their objectives. Apart from the 13 approved, 5 more proposals approved by GEF and combined with ADB project preparatory technical assistance did not result in projects for various reasons ranging from security concerns, government financial issues, government reluctance to commit, nonviability of renewable energy technologies, and inability to find financial intermediaries.

GEF concerns were addressed to varying degrees by the three studies. Most of the achievements were evident in the Sri Lanka Protected Area Project. Although the project had a difficult start, several GEF concerns addressing global benefits are being undertaken and are progressing well. For example, the baseline biodiversity survey was completed in four of the seven parks. Pilot testing of participatory adaptive management in priority protected areas has developed well. Of the targeted 125 faunal species, 119 conservation profiles are complete. Similarly, of the targeted 286 floral species, profiles for 238 higher plant species and 17 marine algae species were prepared. The preparation of the country's Red List of Threatened Species is in the final stages. In the Bangladesh Sundarbans Project, global benefits were achieved to a

lesser extent through the protection of biodiversity, especially in the three wildlife sanctuaries, through participatory education, community awareness activities, and establishment of a monitoring and evaluation system albeit in a few areas. The establishment of a global information system laboratory and production of new field maps of the Sundarbans are useful for global inventory purposes. Studies undertaken on fisheries and wildlife will support the establishment of the baseline data. The sedimentation and water quality study done for the Sundarbans will help develop understanding of the complex water ecosystems. Unfortunately, these bits of information are not integrated into the overall management plan for the Sundarbans to achieve the envisaged global benefits. Although initially linked to the goal of global benefits, the Dust and Sandstorms RETA may have had the least global impact of the three case study projects. During project implementation, the emphasis was shifted on addressing the symptoms of the problem by providing early warning rather than on solutions being attempted to the desertification problem or advocating the importance of these solutions.

The performance evaluation of selected ADB-GEF cofinanced projects provides several lessons that are particularly relevant to GEF-cofinanced projects and other natural resource management projects where a large number of stakeholders are involved. The lessons include (i) complex natural resource management projects that will benefit from a phased implementation approach so institutional and implementation issues are addressed sequentially over time; (ii) the need to attract GEF funds should be balanced with the need to take time to prepare projects that have adequate ownership and clear implementation arrangements, and are within the implementation capacity of the executing agencies; (iii) public awareness campaigns and the mass media should be used to gain support for project activities and minimize conflicts with interest groups; (iv) consensus on the composition and mandate of a steering committee should be sought; (v) implementation of complex projects should be delegated to resident missions; and (vi) key indicators to monitor project management and outcomes have to be established during the design and used during implementation.

Another important lesson is that ADB should take a long-term approach to project development in complex areas of global environmental constraints rather than be overly optimistic about addressing all the problems at once when a lending instrument is used, or not paying attention to long-term solutions when nonlending instruments are used. An appropriate combination of instruments (i.e., nonlending instrument initially for capacity building and lending instruments for investments) should be used with a long-term vision to achieve sustainable solutions in a phased approach. In the Bangladesh study, ADB's effort waned soon after project approval and staff member who was familiar with the constraints at the preparation stage was transferred out of the relevant division, and the project was handed over to new or junior staff. The success of these complex projects requires a team, with a key person in the resident mission supported by a specialist at ADB headquarters giving technical advice. Having a team of this nature will also help to solve the problem of staff continuity for complex projects for which institutional memory and relationship with a client are crucial factors for sustainability of project benefits.

Joint Process Evaluation of GEF Projects

The core management group for the joint evaluation comprised the World Bank, United Nations Development Programme, United Nations Environment Programme, ADB, United Nations Industrial Development Organization, and the GEF Evaluation Office. ADB contributed a significant effort to the management of the joint evaluation by leading the analysis of project cycle efficiency and supporting the collection of information from fieldwork, focus group interviews, and surveys. The joint evaluation recommended a radical redrawing of the project cycle to achieve simplification, greater transparency, predictability, and reduced transaction

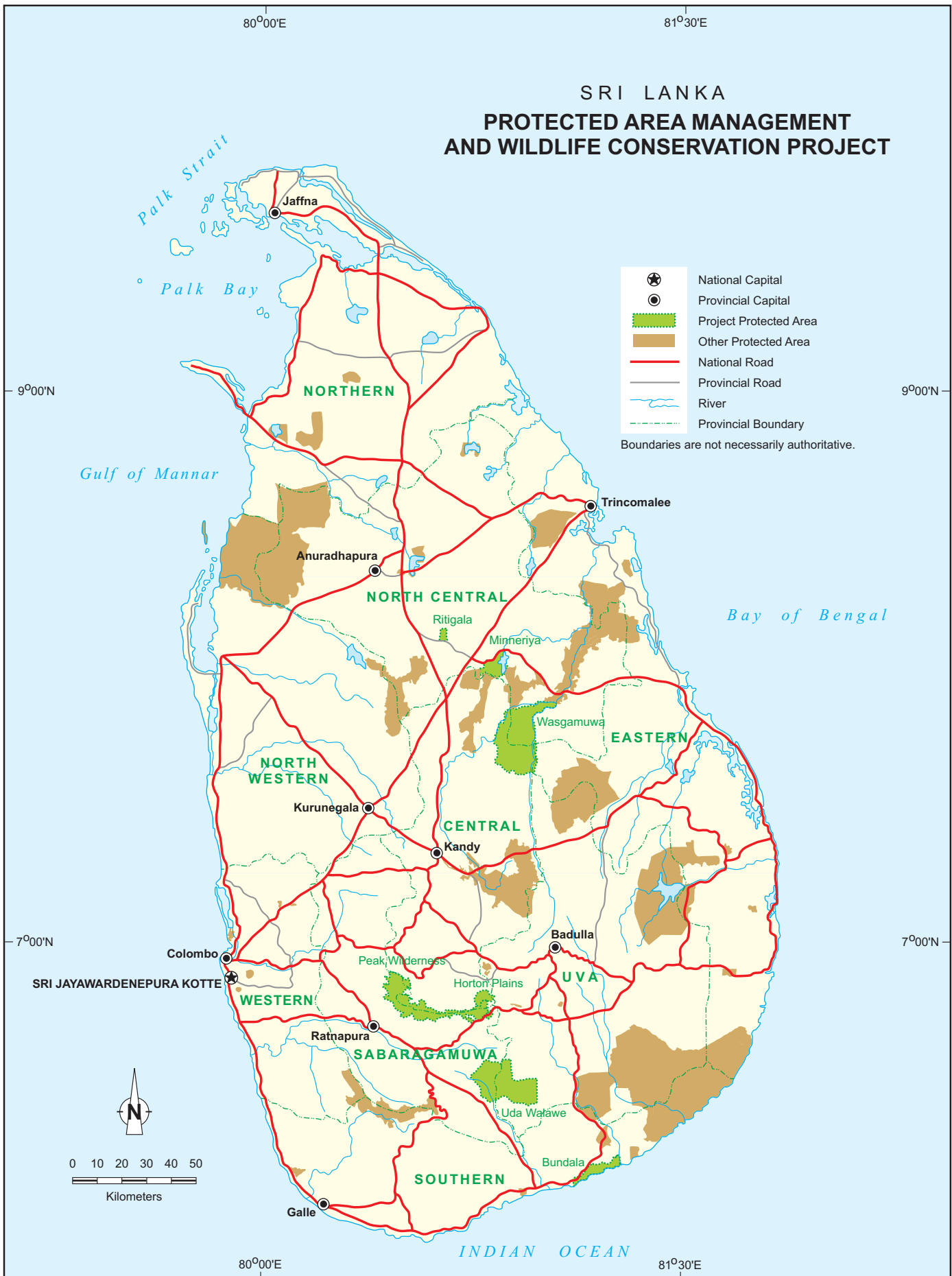
costs. It suggested the need to move GEF initiatives to the next level of results-based management through a comprehensive framework, more systematic independent evaluation, and a new management information system. It also proposed that the identification phase of the GEF cycle should only try to establish project eligibility, availability of resources, and country endorsement, and advised against frontloading design requirements. Finally, it recommended that fully documented project proposals should be endorsed by the GEF chief executive officer on a rolling basis, allowing GEF Council members to be informed about the projects through online electronic tools, thus saving processing time.

Although joint evaluations are inherently difficult to carry out, a wide range of partners in the GEF community collaborated and shared duties to successfully carry out this joint evaluation. Lessons from the process of conducting the joint evaluation include (i) partners found a process evaluation less threatening than a performance evaluation; (ii) agreement from many stakeholders in terms of sharing budget and staff resources is crucial; (iii) establishment of a small core group for day-to-day management allowed quick consensus building and validation of results; (iv) synergistic opportunities were found to reduce financial and transactions costs in terms of staff resources, data collection, and field visits; (v) preparation of clear terms of reference, evaluation matrix, and communication channels, especially with respect to data availability, are important in delivering outputs expected from the evaluation; (vi) the GEF Evaluation Office demonstrated valuable leadership; (vii) use of templates, guidelines, and websites allowed partners to communicate efficiently and reliably; and (viii) GEF-related staff in all the agencies involved provided full support even though they were not directly working on the evaluation.

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SRI LANKA

PROTECTED AREA MANAGEMENT AND WILDLIFE CONSERVATION PROJECT



- National Capital
 - Provincial Capital
 - Project Protected Area
 - Other Protected Area
 - National Road
 - Provincial Road
 - River
 - Provincial Boundary
- Boundaries are not necessarily authoritative.

PREVENTION AND CONTROL OF DUST AND SANDSTORMS IN NORTHEAST ASIA



I. INTRODUCTION

1. The Global Environment Facility (GEF), established in 1991, provides grants and concessional funds to address the world's global environmental issues. GEF finances the incremental costs of making planned projects friendly to the global environment and helps to address regional approaches to environmental problems. It also helps developing countries to meet the objectives of international environmental conventions¹ and other environmental treaties or agreements. Since 1992, GEF committed more than \$6 billion in grants to more than 1,800 projects in 140 countries in support of full-sized or medium-sized projects² (Appendix 1). GEF grants are approved for the focal areas of climate change, biological diversity, international waters, ozone layer depletion, land degradation, and persistent organic pollutants.

2. This evaluation has two parts. The first part presents the performance evaluation of selected projects in the GEF portfolio of the Asian Development Bank (ADB) by ADB's Operations Evaluation Department (OED) (chapter II). The second part is a process evaluation of issues related to the processing (up to the start of implementation) of GEF-cofinanced projects (chapter III).³ This is the first major joint evaluation in which OED has participated. Useful lessons are identified about undertaking joint evaluations (paras. 98–111).

3. Chapter II describes OED's first performance evaluation of selected mature projects cofinanced by ADB and GEF. Between 1991 and March 2007, ADB submitted 26 project proposals to GEF. Of these, so far 13 were approved totaling \$214 million in ADB financing and an additional \$88 million in GEF grants.⁴ Five were either withdrawn or dropped,⁵ 3 were in project preparation stage, 3 are part of an umbrella project under preparation, 1 was being redesigned, and 1 was being reassessed for GEF eligibility. Two of the approved projects, one on greenhouse gas abatement and one on dust and sandstorms,⁶ had been self-evaluated by ADB when this evaluation commenced. Both were financed under regional technical assistance (RETA)⁷ grants. The three case studies selected for the performance evaluation are (i) the Bangladesh Sundarbans Biodiversity Conservation Project (Appendix 2);⁸ (ii) the Sri Lanka Protected Area Management and Wildlife Conservation Project (Appendix 3);⁹ and (iii) a RETA on Prevention and Control of Dust and Sandstorms in Northeast Asia (Appendix 4).

4. Chapter III describes ADB's role in a joint process evaluation carried out by GEF-related institutions and draws lessons from the experience in terms of processing GEF-cofinanced

¹ Like the United Nations Framework Convention on Climate Change, Convention on Biological Diversity, and Stockholm Convention on Persistent Organic Pollutants.

² GEF uses several modalities to disburse funds. The most common are the full-sized and medium-sized projects and the project development facilities (PDFs). Medium-sized projects are limited to \$1 million and PDFs can vary between \$25,000 and \$1 million.

³ The GEF family includes implementing agencies (United Nations Development Programme, United Nations Environment Programme, and World Bank) and executing agencies (ADB, African Development Bank, European Bank for Reconstruction and Development, Food and Agriculture Organization, Inter-American Development Bank, International Fund for Agricultural Development, and United Nations Industrial Development Organization).

⁴ These amounts exclude the funding approved as project preparation grants.

⁵ Three activities were withdrawn as the client governments lost interest, while two project preparatory technical assistance (TA) projects failed to develop into loans. The reasons ranged from security concerns, governments' financial issues, reluctance to commit, nonviability of renewable energy technologies, and inability to find suitable financial intermediaries.

⁶ ADB. 2002. *Technical Assistance for Prevention and Control of Dust and Sandstorms in Northeast Asia*. Manila (TA 6068-REG, for \$1 million, approved on 11 December).

⁷ ADB. 1994. *Technical Assistance for A Study of A Least-Cost Greenhouse Gas Abatement Strategy for Asia*. Manila (TA 5592-REG, for \$8.9 million, approved on 4 August).

⁸ ADB. 1998. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan and Technical Assistance Grant to the People's Republic of Bangladesh for the Sundarbans Biodiversity Conservation Project*. Manila (Loan 1643-BAN[SF], for \$37 million, approved on 27 November).

⁹ ADB. 2000. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the Democratic Socialist Republic of Sri Lanka for the Protected Area Management and Wildlife Conservation Project*. Manila (Loan 1767-SRI[SF], for \$12 million, approved on 19 October).

projects and related to doing joint evaluations. The GEF community had discussed the need to streamline and simplify the activity cycle for some time as part of efforts to strengthen GEF performance. Negotiations for the third replenishment of the GEF fund stressed that GEF should be "... making its processes more expeditious, streamlined, and efficient so as to maximize impacts achieved with consideration of country performance ...". OED proposed the idea for the joint evaluation, which all the GEF partners enthusiastically welcomed. ADB was a member of a small core group that managed and guided the joint evaluation. The OED-led background paper was well received by the GEF Evaluation Office. The preparation of this evaluation was done in parallel to benefit from synergies, cost savings, and economies of scale.¹⁰

II. PERFORMANCE EVALUATION OF SELECTED PROJECTS

A. Background

1. Objective

5. The objective of the performance evaluation was to learn from the experience of the mature GEF projects in the ADB portfolio to improve future performance. With the exception of the greenhouse gas abatement RETA (footnote 7) approved in 1991, ADB's GEF portfolio is still young and, therefore, has not yet benefited from many self-evaluations by the concerned operational unit.¹¹ The portfolio has been growing. As a matter of good stewardship of the funds entrusted to ADB, an evaluation of some mature projects is timely to provide lessons and an overall assessment of the portfolio. In addition, the GEF Evaluation Office's 2006 guidelines for evaluation reports¹² require an independent evaluation or a review of the self-evaluations of completed full-sized projects. As such, three of the mature projects which had the potential to provide lessons to the growing portfolio were selected for the performance evaluation. This evaluation also provides a desk review of other projects in the GEF portfolio in Appendix 5, noting progress on their achievements based on documents available.

2. The Portfolio

6. ADB's GEF portfolio is quite small and young. GEF provides funding for project preparation as well as implementation. ADB has used four of GEF's financing modalities: project development facility (PDF), medium-sized projects, full-sized projects, and the programmatic approach.¹³ Since 1991, the GEF chief executive officer have approved 21 of ADB proposals, 13 have developed into projects involving more than 12 countries (Table 1). These comprised 10 full-sized¹⁴ and 3 medium-sized projects.¹⁵ Two of the 13 operations are closed and two were terminated or canceled.¹⁶

¹⁰ Partial funding for the performance evaluation of selected GEF projects was provided from the GEF agency fee managed by ADB's Environment and Social Safeguard Division. OED financed the remaining costs of the performance evaluation of selected ADB-GEF cofinanced projects and ADB's contribution to the joint evaluation of GEF processes.

¹¹ TA completion reports were completed for the greenhouse gas abatement RETA in 2002 and the Dust and Sandstorms RETA in 2006.

¹² GEF. 2006. *The GEF Monitoring and Evaluation Policy*. Washington, DC.

¹³ Appendix 1 provides a description of GEF modalities and focal areas.

¹⁴ This translated to a full-sized project approval rate of 56% (10 approvals out of 18 proposals that entered the GEF pipeline), which is higher than the 46% approval rate for the GEF partners (Table 1.1, page 5 of the 2007 *Joint Evaluation of the GEF Activity Cycle and Modalities*).

¹⁵ A medium-sized project, limited to a maximum of \$1 million in GEF funds, is processed in an expedited manner, and is approved by the GEF chief executive officer, whereas a full-sized project is approved by the GEF Council.

¹⁶ As a result of a policy issue on tariffs, the Wind Power Development Project in the People's Republic of China (PRC) was terminated in February 2004 before becoming effective. The Bangladesh Sundarbans Project was canceled in January 2005 6 years after approval. The loan is not closed because of problems regarding the liquidation of expenses. The information about these projects is given in Table 1.

Table 1: Financing of ADB-GEF Activities: 1991–March 2007

Loan/ ADTA/ RETA No.	Country	Project Name	Access Through	GEF Focal Area	Date of GEF Approval	Date of ADB Approval	Expected Date of Completion	Project Preparation Grants (\$ '000)			Project Financing								
								ADB Loan/Grant Amount (\$ '000) ^a			GEF Grant (\$ '000) ^a		Borrower (\$ '000)	Other Sources (\$ '000)					
								ADB	GEF	Others	Approved	Disbursed			Approved	Disbursed	Approved	Approved	
Approved by ADB																			
5592	12 Asian countries	Asia Least-Cost Greenhouse Gas Abatement Strategy (ALGAS) - FSP	UNDP	CC	1-Dec-91	04-Aug-94	31-Dec-01				592	576	8,270	8,241	1,296	None			
1643	Bangladesh	Sundarbans Biodiversity Conservation - FSP	WB	BD	31-Dec-98	27-Nov-98	31-Dec-06 <i>active</i>	500	None	40	37,000	8,883	12,200	4,636	28,500	3,500			
1767	Sri Lanka	Protected Area Management and Wildlife Conservation - FSP	WB	BD	1-Aug-01	19-Oct-00	30-Jun-07	800	330		12,000	7,776	10,200	4,071	8,500	4,000			
1818	PRC	Wind Power Development - FSP	UNDP	CC	1-Nov-02	20-Dec-00	30-Jun-04	600	None	137	58,000	0	12,000	0	28,000	None			
1924	PRC	Efficient Utilization of Agricultural Wastes - FSP	WB	CC	30-May-02	22-Oct-02	30-Jun-08	703	None	181	33,120	21,464	6,361	1,564	37,790	None			
1939	Cambodia	Tonle Sap Conservation Project - FSP	UNDP	BD	19-Apr-04	21-Nov-02	30-Jun-08	1,000	350	650	10,910	7,281	3,930		3,910	610			
6068	PRC, Mongolia	Prevention and Control of Dust and Sandstorms in Northeast Asia - MSP	UNEP	MFA	1-Nov-02	11-Dec-02	28-Feb-06		None		500	372	500	333	215	None			
6069	Greater Mekong Subregion	National Performance Assessment and Subregional Strategic Environment Framework - MSP	UNEP	MFA	1-Nov-02	11-Dec-02	30-Apr-07 <i>active</i>		None		800	578	800	791	300	500			
4357G	PRC	PRC-GEF Partnership on Land Degradation in Dryland Ecosystems: Project 1 - Capacity Building to Combat Land Degradation - FSP ^b	Direct	MFA	25-May-04	28-Jun-04	31-Jul-08	800	350	290	1,000	622	7,700	2,351	6,100	None			
4541	Afghanistan	Natural Resources and Poverty Alleviation Project - MSP	Direct	BD	16-Dec-03	23-Dec-04	30-Nov-07		None		810	286	975	283	122	None			
2157	PRC	Sanjiang Plain Wetlands Management - FSP	Direct	BD	7-Feb-05	14-Mar-05	31-Dec-10	600	330	150	15,000	3,162	12,140	0	28,410	None			
6357	Regional (Central Asia)	Central Asian Countries Initiative for Land Management (CACILM) Framework Support Project - FSP ^b	Direct	LD	28-Aug-06	24-Nov-06	30-Sep-09	500	700	300	1,500	0	3,025	0	500	1,300			
2311	Philippines	Integrated Coastal Resources Management Project - FSP	Direct	BD	27-Sep-04	23-Jan-07	30-Jun-13	598	335		33,800	0	9,000	0	19,520	None			
13	Total ADB-approved FSPs and MSPs										6,101	2,395	1,748	205,032	51,001	87,101	22,271	163,163	9,910

ADB = Asian Development Bank; ADTA = advisory technical assistance; BD = biodiversity; CC = climate change; CEO = chief executive officer; FSP = full-sized project, GEF = Global Environment Facility; LD = land degradation; MFA = multifocal areas; MSP = medium-sized project; RETA = regional technical assistance.

^a Disbursements as of 31 March 2007. Excludes outstanding advances of \$2.33 million.

^b Represents the initial subproject under the approved programmatic approach. The project preparation grant refers to the programmatic approach and not the subproject though.

Sources: Controllers Department, Office of Cofinancing Operations, Central Operations Services Office, and Environment and Social Safeguard Division internal databases.

7. Before 2002, ADB and other executing agency partners of GEF did not have direct access to GEF funds. This meant that an executing agency had to submit project concepts (on behalf of a client country) to GEF through an implementing agency (United Nations Development Programme [UNDP], United Nations Environment Programme [UNEP], or World Bank). This process resulted in adding an extra layer of review and approval between the client and GEF. Persuaded in part by ADB's efforts, the GEF Council approved direct access to executing agencies in 2002. However, due to legal complications, ADB did not have complete direct access until 2004. Therefore, GEF funding for three of the earlier projects were accessed through the World Bank; three through UNDP; and two through UNEP (Table 1). Due to the long delay in operationalizing direct access arrangements, the World Bank handed over full responsibility for the Bangladesh and Sri Lanka projects to ADB, even though the memorandum of understanding and financial procedures agreement for ADB's direct access was being discussed at the time. Subsequently, five operations were processed under direct access arrangements.

8. Four of the 13 projects cofinanced by ADB and GEF involved more than one country. In terms of GEF focal areas, biodiversity projects outnumber the rest, accounting for six (46%) of the 13 operations. Three projects deal with multifocal areas, 3 with climate change, and 1 with land degradation.¹⁷ The People's Republic of China (PRC) is ADB's most dominant client for GEF-cofinanced activities, being involved in 6 of the 13 ADB-GEF activities (55% of GEF-cofinanced activities).

3. Study Project Selection Criteria and Methodology

9. The selection of projects was based on the maturity of project, the ability to provide lessons for many future projects, and the logistical ease with which the project field visits could be arranged in parallel with the joint evaluation work. OED's primary consideration in selecting the case studies was the extent of project completion. The greenhouse gas abatement RETA, Dust and Sandstorms RETA, and technical assistance (TA) for the strategic environment framework were the most mature. Of these, the first was too old, and the other two did not have completion reports at the time of case study selection. Given the limited time frame for the evaluation, assessing the TA on strategic environment framework would have been difficult logistically, as it covered six countries. The Dust and Sandstorms RETA was closed in June 2006, and a TA completion report was prepared, thus making a suitable study.

10. Two other projects were scheduled for completion in 2006. The Bangladesh Sundarbans Project was canceled in January 2005 but remained active due to financial liquidation issues, even though it was scheduled to be closed in December 2006. The advisory TA on natural resources management, a medium-sized project, was to be closed at the end of 2006 but its expected completion date was extended to November 2007. After consulting GEF coordinators at ADB, OED decided not to use the advisory TA on natural resources management as a study project and to give more attention to full-sized projects, particularly the Bangladesh Sundarbans and Sri Lanka Protected Area projects. The Sri Lanka Protected Area Project was chosen because it was substantially implemented relative to the other projects, and is a biodiversity project similar to the Bangladesh Sundarbans Project. Assessing both of these challenging projects would provide lessons and recommendations regarding the design and implementation of GEF-cofinanced biodiversity projects, which dominate the ADB-GEF portfolio. Since the Sri Lanka Protected Area Project is ongoing, the evaluation would also provide timely information to the decision on extending that project.

¹⁷ Two other projects related to land degradation were previously classified as multifocal projects (Table 1).

11. OED reviewed relevant operations documents and consulted ADB staff prior to the fieldwork. During the evaluation missions, OED reviewed relevant documents, collected data, visited certain project sites, met GEF focal points, and discussed the experiences of the relevant governments and other stakeholders at focus group meetings, including nongovernment organizations (NGOs) and beneficiaries both in the capital and in the field. Data and information collected were reviewed, and separate reports prepared for each of the case studies using standard evaluation criteria and project performance evaluation report guidelines¹⁸ (Appendixes 2–4).

B. Case Studies

1. Sundarbans Biodiversity Conservation Project in Bangladesh

12. **Description.** The Sundarbans Reserved Forest (Sundarbans), covering about 600,000 hectares, is one of the largest continuous mangrove forests in the world. The Sundarbans includes three wildlife sanctuaries covering 28% of its land area. The entire Sundarbans is recognized as a Ramsar site by the Convention on Wetlands of International Importance, and portions of it as World Heritage sites by the United Nations Educational, Scientific, and Cultural Organization. The ecosystem is home to a significant number of threatened and endangered species. In the Sundarbans, 245 genera and 334 plant species have been recorded. It is the most important remaining habitat in the world for the highly endangered Bengal Tiger. In the Sundarbans, 45 indigenous species are endangered. The loss of at least six mammal species has been recently reported.¹⁹ Humans live in the buffer zone area of the Sundarbans. While the Sundarbans have no permanent human settlements, a large number of fisherfolk and other resource harvesters spend substantial time in the Sundarbans living on boats or in seasonal and semipermanent structures and camping along the Sundarbans borders and islands.

13. The baseline activities intended under the Bangladesh Sundarbans Project included (i) developing Sundarbans from a resource use perspective (outside the wildlife sanctuaries), (ii) developing participatory community-based programs in the buffer zone, (iii) investing in basic infrastructure for park management outside the wildlife sanctuaries, (iv) strengthening of park planning and management, and (v) conducting of ecological research. The expected global benefits of the project included (i) consolidating and strengthening of the management of the three wildlife sanctuaries within the Sundarbans, (ii) supporting biodiversity conservation within the Sundarbans and its buffer zone through sustainable productive activities, (iii) introducing a participatory environment education and community awareness activities, and (iv) establishing a biodiversity monitoring and evaluation system (footnote 8).

14. The overall objective of the Bangladesh Sundarbans Project was to develop a sustainable management and biodiversity conservation system for all Sundarbans Reserved Forest resources (Map 1, page viii). The project sought to (i) improve institutional capacity by setting up the Sundarbans Management Unit, Sundarbans Stewardship Commission, and Stakeholder Advisory Council; (ii) adopt biodiversity conservation and forest management measures; (iii) promote socioeconomic development of the impact zone through the organization of resource users, development of livelihood activities, and community-based planning and implementation; (iv) implement ecotourism and environmental awareness programs, along with basic public infrastructure and training; (v) improve planning, monitoring, and applied research capacity; and (vi) reduce pollution and resource utilization from the Khulna Newsprint Mills. The Forest Department of the Ministry of Environment and Forests is the executing agency.

¹⁸ ADB. 2006. *Guidelines for Preparing Performance Evaluation Reports for Public Sector Operations*. Manila.

¹⁹ Javan rhinoceros (*rhinoceros sondaicus*), one-horned rhinoceros (*rhinoceros unicornis*), wild buffalo (*bubalus bubalis*), swamp deer (*cervus duvaucali*), gaur (*bos gaurus*), and hog deer (*axis porcinus*).

15. The financing plan for the \$78.7 million project is shown in Table 2. The NGO contribution reflected in-kind contributions. After loan signing, the Loan Agreement was amended in April 2000 to reduce the loan amount by about \$3.3 million due to the cancellation of the Khulna Newsprint Mills advisory TA (Khulna Newsprint Mills was closed down shortly after negotiations) and nonapproval of the Nordic Development Fund grant. The Nordic Development Fund grant was replaced by a \$3.5 million grant from the Government of the Netherlands, while the ADB loan was reduced to \$33.5 million. Due to serious implementation delays and lack of proper financial management, including concerns about corruption, ADB suspended the project in September 2003 and canceled the project effective January 2005 (Appendix 2).

Table 2: Financing Arrangements for the Bangladesh Sundarbans Project
(\$ million)

Funding Source	As per Loan Document					Revised Estimate	Disbursed (31/05/07)
	Loan/TA No.	Foreign Exchange	Local Currency	Total Cost	% of Total	Total Cost	
ADB	1643	14.1	19.4	33.5	42.6	11.4	8.9
Gov. of Bangladesh		0.0	16.1	16.1	19.6	16.1	
GEF TA	3158	8.6	3.6	12.2	14.8	12.2	4.6
PKSF		0.0	6.8	6.8	8.3	6.8	
NDF		3.5	1.0	4.5	5.5	0.0	0.0
Gov. of the Netherlands TA	3300	0.0	0.0	0.0	0.0	3.5	0.7
Beneficiaries		0.0	3.7	3.7	4.5	3.7	
NGOs		0.0	1.9	1.9	2.3	1.9	
Total		26.2	52.5	78.7	100.0	55.6	14.2

ADB = Asian Development Bank, GEF = Global Environment Facility, Gov. = Government, JSF = Japan Special Fund, NDF = Nordic Development Fund, NGO = nongovernment organization, PKSF = Palli Karma-Sahayak Foundation, TA = technical assistance.

Sources: ADB databases (project performance report as of 31 May 2007).

16. The achievements of the Bangladesh Sundarbans Project at the time of cancellation include (i) creation of new management units for fisheries, wildlife, tourism, extension and communication, revenue collection, and database; (ii) establishment of a database for species, revenues, and other field data; (iii) training of hundreds of Forest Department and NGO staff; (iv) infrastructure development in the impact zone; (v) development of draft management plans for tourism, fisheries, and wildlife; (vi) establishment of a geographic information system laboratory in Khulna and improvement of the geographic information system laboratory in Dhaka; (vii) production of new field maps of the Sundarbans; (viii) establishment of an information center in Khulna; (ix) upgrading of the visitor center inside the Sundarbans; (x) establishment of a crocodile rearing station in the Sundarbans; (xi) completion of studies on socioeconomics, fisheries, wildlife, and revenues; and (xii) completion of study tours to foreign countries. However, much more was left unachieved: (i) expanding stakeholder influence on Sundarbans management outside the Forest Department, (ii) decentralizing decision-making to Forest Department in Khulna, (iii) implementing buffer zone strategy, (iv) establishing alternative lifestyles for buffer zone community through microcredit programs, (v) increasing household income by 30%, (vi) expanding the number of tourists by 50%, (vii) improving social infrastructuring in the buffer zone to facilitate economic activity, (viii) providing adequate funding for maintenance of Sundarbans facilities, (ix) completing the Sundarbans biodiversity baseline survey, and (x) integrating Sundarbans conservation management plans for biodiversity conservation. None of these activities were completed to sustain the benefits of the work done.

17. **Relevance.** The project is assessed as partly relevant. Pressure on the biodiversity and forest resources, either through external causes (reduced freshwater flow and increased salinity) or unsustainable exploitation of its resources (through the combined impact of the activities of the Forest Department and surrounding communities), suggest that the objective and scope of the project were potentially very relevant. Theoretically, providing infrastructure and development opportunities in the buffer zone, building capacity of the Forest Department, and introducing new conservation practices and institutional arrangements to support Sundarbans management could help to address these issues. On paper, the project was also consistent with ADB's forestry and fisheries policies,²⁰ both of which emphasize the participatory approach as a necessary step to sustainable development. The project was designed to address needs identified in the 1995 National Environment Management Action Plan, 1994 National Forestry Policy, and 1995 Forestry Sector Master Plan.

18. Several institutional changes in the Forest Department were incorporated in the project design to increase the influence of individuals outside the Forest Department on Sundarbans management. The plan was to enhance stakeholder participation in Sundarbans management and decentralized management of the Sundarbans along functional lines. Although the Forest Department's dissatisfaction with these changes was apparent during loan preparation, this was not confirmed by the Forest Department and senior management of the Ministry of Environment and Forests during loan negotiations. This led ADB to anticipate that changes would indeed be carried out during project implementation. ADB should have been more attuned to the institutional opposition to these changes. The way the project was initially planned and implemented appears to show over optimism. Serious potential risks were ignored and not properly mitigated. Better arrangements and resources could have been incorporated to achieve institutional and technical outcomes, given the constraints that had to be overcome in the sector and the country. The Forest Department's lack of experience in working with stakeholders heightened the problems.

19. Despite the relevance of the project to ADB and country priorities and the global benefits it aimed to achieve, the project is not assessed as relevant. Its design was not realistic in the context of the existing environment. ADB was aware of the Forest Department lacked ownership and commitment. The project was ambitious in aiming to achieve everything at once, instead of trying to phase the implementation of activities. Such a phased approach would have allowed building on successes or limiting losses. Many known risks were not effectively mitigated, and it was assumed that they would be dealt with in good faith by committed stakeholders during implementation, despite the lack of ownership in the executing agency. The implementation arrangements for such complex institutional, financial, and administrative procedures are considered inadequate, given the weaknesses in governance capacity and practices in Bangladesh. The project design incorrectly assumed that these institutional weaknesses²¹ would be addressed through the policy dialogue during implementation. Also, potential impacts of various incentives involved (e.g., income generation from the forest resources and increased development in the impact zone) were not sufficiently analyzed. The institutional capacity of the Forest Department to deliver the project objectives was not adequately assessed. Other poor experience in the forest sector, notably the ADB-financed Forestry Sector Project and the World Bank-financed Forest Resources Management Project, was not sufficiently considered and integrated into the project design. In hindsight, a phased approach of institutional strengthening preceding the other activities would have been better. During the midterm review, 3.5 years after

²⁰ ADB. 1995. *The Bank's Policy on Forestry*. Manila; and ADB. 1997. *Our Framework Policies and Strategies: Fisheries*. Manila.

²¹ During the project preparatory TA, the creation of a new entity, a Sundarbans management authority, was recommended, but during project processing the Forest Department opposed this. This gave a signal of its potential lack of ownership of the proposed institutional changes.

project approval, serious attempts were made to restructure the project. Another design weakness was not delegating the project to the ADB resident mission in Bangladesh, despite advice from management that close supervision was needed with above average staff time. During the latter stages of the project, given the concerns about governance issues, involvement of more senior staff from ADB headquarters and the resident mission was appropriate. However, handing over project management (within 1 year from project inception) to new staff inexperienced in the forest sector was a mistake.

20. **Effectiveness.** The project is rated as less effective. Although the project generated some good outputs, the combined use of the outputs to effectively achieve the goal of securing the integrity of the environment and biodiversity in Sundarbans will not be achieved. Several technical studies and reports of good quality are now available, which include new data and information required to properly manage the Sundarbans. However, their proper application and integration in management plans was not pursued. Improved visitor facilities were constructed in the Sundarbans, together with the necessary Forest Department infrastructure to improve protection. However, the necessary budgetary allocation (or revenue sharing) for the Forest Department to maintain and operate these facilities has not been provided. Support for livelihood opportunities for communities in the impact zone was initiated and provided by the Palli Karma-Sahayak Foundation. However, these activities are not particularly addressed to the target groups who most depend on forest resources. Similarly, infrastructure constructed by the Local Government Engineering Department for local communities in the impact zone was not targeted to those who mostly depend and/or use Sundarbans resources. This reflects a lack of planning and coordination. Although such infrastructure may have helped develop the impact zones, it has not resulted in a strengthening of protection and conservation efforts due to the lack of coordination with project-awareness activities.

21. Since 2001, ADB has continuously been concerned about the integrity of financial management of the project. The project envisaged a transparent financial management system, but this was difficult to achieve given the standard practices embedded in other Forest Department work. For 3 consecutive years, the report of the Government's auditor general highlighted a number of serious irregularities in the project financial statements,²² irregularities that could warrant a suspension according to ADB financial management guidelines. Upon review of the audited financial statements, ADB noted that it could not reconcile the project accounts and provided support to hire an accountant, who began reconciling the project accounts. However, the accountant found other irregularities in the financial management system.²³ Expectations to revive the project continued, even when the many changes, as required in the project covenants, were identified as not being realistic within the original time frame. In August 2003, when ADB recommended loan suspension, the shared goal of revising project design within 3 months to build consensus and ownership and to foster a more equitable sharing of access to the Sundarbans resources may have been too ambitious, since the process eventually took 17 months to complete. Given the difficulties, ADB agreed to the extended time and provided a facilitator to support the revision in a participatory way. Although the project was eventually revised with NGO and Forest Department staff input, some NGOs claimed that they were not aware how their concerns were addressed in the revised project design. The project was canceled mainly as a result of unresolved financial management

²² These included allegations of anomalies in account keeping; splitting of items to avoid advertisement; questionable or unsupported expenses; awarding of work to nonresponsive bidders; nonsubmission of auditable documents; failure to produce reconciliation statements; and difficulty in physically verifying purchased equipment, vehicles, and boats, etc. ADB's Office of the Auditor General also opened a case on the project after receiving allegations of corruption.

²³ The accountant mentioned that the project did not have the (i) required book of accounts, (ii) bank reconciliation statements, (iii) checks and fixed assets registers, (iv) financial and procurement guidelines, and (v) project staff with finance and accounting expertise.

issues, including concerns about corruption, and absence of the stipulated institutional changes.²⁴

22. **Efficiency.** The project is rated as inefficient. Although some physical activities got under way during the initial period of implementation, physical implementation at the midterm review in 2002 was 18%, although the elapsed period was 41%. By the time of project cancellation in January 2005, the project was only 24% physically implemented after 75% of the elapsed time. This was partly a result of the complex design and insufficient consideration of practical implementation details. The implementing agencies were either unwilling and/or unable to coordinate among themselves, resulting in poor integration of project activities. In the absence of a functioning steering committee, no complementarity of outputs was generated by the different components. ADB's corporate desire to secure GEF cofinancing (as the first ADB-GEF project) added to the time pressure for processing and diverted attention from mitigating risks and adopting a phased approach. There were key ingredients to achieving development results. There were also a large number of administrative issues regarding the financial management of the project as GEF funds were channeled to ADB as a TA. Similarly, following the request of the Government of the Netherlands, the \$3.5 million grant was to finance an equal portion of each major project component. This approach caused many additional administrative problems. The end result was an incompatibility of the project's stipulated complex financing arrangements with the Bangladesh project proforma system.

23. The Palli Karma-Sahayak Foundation used its own funds for microcredit activities and, therefore, decided the eligibility criteria for participation in the microcredit activities. The exclusive accessibility of its microcredit activities strengthened the already existing rivalry among NGOs in the area. Because the eligibility criteria for microcredit required NGOs to be Palli Karma-Sahayak Foundation members, nonmember NGOs felt left out of the project. Some of these NGOs established a watch group and became active and vocal about the approach of the project, identifying disagreements with ADB and the Government on procedural, technical, and participatory issues. In addition to the implementation issues, the project had to cope with the constant and ample interventions brought about by the NGO community. The facilities constructed (i.e., in the buffer zone) are not practically located for use of the community. This was partly a result of the complex design and insufficient consideration of practical implementation details.

24. The lack of a strong and effective Sundarbans Stewardship Commission reduced the efficiency of project implementation. Since it was not a member of the Sundarbans Stewardship Commission initially,²⁵ the Forest Department was not enthusiastic about receiving guidance from the commission for the project. This outcome might have been avoided if more discussions had been carried out during project preparation regarding the composition, mandate, and authority of the Sundarbans Stewardship Commission. Project effectiveness conditions and covenants in this regard did not create the necessary conditions for smooth project implementation. Although the establishment of the commission was a condition for loan effectiveness, largely it existed only on paper. After an initial meeting required to trigger effectiveness, the second formal meeting was held on 17 December 2003, and the third meeting was on 22 April 2004. Similarly, the Sundarbans Management Unit to be established in Khulna was a continuous point of contention between ADB and the Forest Department. ADB was not satisfied with the arrangement that the project director, while managing the loan funds, had no direct access to the revenue budget, staff, and authority over the Sundarbans, all of which were

²⁴ ADB's Integrity Division investigated alleged fraudulent and corrupt practices that were brought to its attention, but did not find concrete evidence that would allow ADB to act on those allegations.

²⁵ The Loan Agreement prohibited the selection of the Sundarbans Stewardship Commission members with direct vested interests in the Sundarbans.

under the control of the conservator of forest in Khulna, who reported to the chief conservator of forest without going through the project director. The delegation of Sundarbans management entirely to the project director was, therefore, not possible.

25. **Sustainability.** The sustainability of the project outputs is unlikely. Financial resources provided by the Government to the Forest Department are insufficient to maintain the project facilities and use the purchased equipment. Also, the initial steps in creating a partnership with the surrounding communities in the impact zone cannot be considered as sustainable. The benefits that the project can provide to the communities are limited compared to those provided by groups interested in exploiting the Sundarbans. The project, through its incomplete implementation, created more confusion in the area surrounding the Sundarbans.²⁶

26. **Overall Evaluation.** Overall, the Bangladesh Sundarbans Project is rated as unsuccessful based on the standard evaluation criteria shown in Table 3.

Table 3: Assessment of the Performance of the Bangladesh Sundarbans Project

Criterion	Weight (%)	Assessment	Rating Value	Weighted Rating (R) ^a
Relevance	20	Partly relevant	1	0.2
Effectiveness	30	Less effective	1	0.3
Efficiency	30	Inefficient	0	0.0
Sustainability	20	Unlikely	0	0.0
Overall rating		Unsuccessful		0.5

^a Highly successful if $R > 2.7$; successful if $1.6 \leq R \leq 2.7$; partly successful if $0.8 \leq R < 1.6$; unsuccessful if $R < 0.8$.
Source: Special evaluation study team.

27. **GEF Concerns.** The main global benefits were to be achieved through the protection of biodiversity in the Sundarbans, especially in the three wildlife sanctuaries, through participatory education, community awareness activities, and establishment of a monitoring and evaluation system. However, this work was carried out only in a few of these areas. New management units were created for fisheries and wildlife, and a database was established for species, revenues, and other field data. The establishment of a global information system laboratory and production of new field maps of the Sundarbans are useful for global inventory purposes. Studies undertaken on fisheries wildlife will help establish the baseline data. The sedimentation and water quality study done for the Sundarbans will facilitate understanding of the complex water ecosystems. However, these bits of information are not integrated into the overall management plan for the Sundarbans. Although the biodiversity baseline survey of the flora and fauna in the Sundarbans was carried out, subsequent monitoring reports were not completed. Several good technical reports are now available with some of the data and information required to manage the Sundarbans in a sustainable manner. However, without the necessary changes in the institutional perspective, commitment, and capacity, achieving the envisaged global benefits will be unlikely.

28. **Executing Agency Performance.** From the initial stages, the Forest Department lacked ownership of the project, and the Ministry of Environment and Forests and Forest Department failed to convey this message directly to ADB. As a result, many of the implementation activities were delayed. The project management structure created was weak. Until the midterm review, only the physical infrastructure was implemented, the required institutional changes were not attempted. Although the Sundarbans Stewardship Commission was established after some delay, this was mostly an organization only on paper. It met only three times. The Sundarbans Management Unit was set up in July 1999, but was created as a parallel structure without necessary staff and access

²⁶ For example, although the expectations of alternative livelihoods were built up among the surrounding community, these could not be achieved adequately. The Forest Department believes its authority in the Sundarbans is now questioned and feels that this contributes partly to the illegal activities ongoing in the Sundarbans.

to the revenue or sufficient budget allocations. Lines of authority for this were not clear despite ADB's repeated attempts to have them established and the Forest Department's agreement to do so. The Forest Department did not complain initially about the technical advisory group consultants but later indicated that the consultants were accountable only to ADB and not to it. In Bangladesh, there were official allegations of financial mismanagement of funds by the executing agency. In addition, ADB also noted financial irregularities. However, the Forest Department was not able to reconcile project accounts in compliance with ADB's financial management guidelines despite ADB providing accountants to support this. Based on these considerations, the performance of the Forest Department is assessed as unsatisfactory.

29. **ADB Performance.** ADB failed to sufficiently understand the complexity of the project and the lack of ownership of the Forest Department regarding the proposed institutional changes. ADB incorrectly assumed that the required institutional capacity and cooperation could be obtained through covenants and policy dialogue instead of painstakingly building consensus with different levels of staff. Despite management advice to allocate more than average staff resources for the supervision of a complex project of this nature, after project approval it was handed over to a junior staff member without experience in natural resources management. Since project preparation, the project task manager was changed five times affecting the institutional memory on the already complex and ambitious project. ADB has devoted significant resources to processing and administering the Bangladesh Sundarbans Project (four missions were conducted prior to loan approval and 19 project administration missions following approval). Of the 19 missions during implementation, 6 of the later missions included staff consultants with expertise in biodiversity management. When faced with allegations of financial mismanagement, ADB took the necessary steps to examine and try to help redress the financial management weaknesses of the project. ADB also showed a genuine effort to move the project in a more participatory direction after the midterm review. Given the serious implementation delays and financial mismanagement issues, ADB suspended the project but continued to provide substantial consultant support and staff time to try to restructure the project according to the stakeholder views. During the latter stages, ADB allocated senior staff time and the resident mission resources to grapple with the project issues. Despite this significant effort, it was not possible to bring the project back on track. Because the weaknesses in project design outweighed the subsequent significant attempts to revive the project in terms of achieving development results, ADB performance is assessed as partly satisfactory.

2. Protected Area Management and Wildlife Conservation Project in Sri Lanka

30. **Description.** Sri Lanka is considered to be the most biodiverse country in Asia per unit area and is classified as one of 18 biodiversity hotspots in the world. It is also the most densely populated country among the biodiversity hotspots. There is an abundance of species; about half of these species are endemic. The island is also a critical habitat for many internationally mobile species. Sri Lanka ratified the Convention on Biodiversity in March 1994.²⁷ While the Government has been supporting biodiversity conservation, its efforts have been constrained by institutional weaknesses and lack of financial resources. Because of population pressure, the biodiversity and ecosystem within Sri Lanka's protected area system was continually eroded.²⁸

31. Biodiversity is one of the focal areas supported by GEF. The Sri Lanka Protected Area Project (footnote 9) is the only project in the ADB-GEF portfolio involving Sri Lanka. The project objective is to help the Government to conserve the country's natural resources and preserve its

²⁷ Sri Lanka is a signatory to the 1971 Ramsar Convention on Wetlands of International Importance, 1973 Washington Convention on International Trade in Endangered Species, 1991 Bonn Convention on Migratory Species, and 1992 Rio de Janeiro Convention on Biological Diversity.

²⁸ At the time of loan approval in 2000, the protected area system totaled 9,700 square kilometers or 15% of the island's land area; 12.75% of the land area is managed by the Department of Wildlife Conservation.

wildlife diversity by addressing institutional and legal deficiencies in protected area management, and pilot test participatory adaptive management in priority protected areas. The project activities envisaged environment education and community development around the protected areas, and sustainable development activities of national interest. Global environmental benefits requiring incremental costs were expected from (i) survival of endemic lineages, species, and ecosystems under threat elsewhere; (ii) monitoring of biodiversity status, maintenance of internationally mobile species, and development and testing of replicable conservation process models of direct relevance to other GEF-supported initiatives; and (iii) enhanced international linkages and shared learning among conservation agencies and NGOs. GEF is also supporting the development of a monitoring and evaluation system specifically for protected areas.

32. The Sri Lanka Protected Area Project had four components: (i) strengthening the institutional capacity of the Department of Wildlife Conservation for protected area management, (ii) strengthening the participatory adaptive management of seven pilot protected areas,²⁹ (iii) developing collaborative conservation planning, and (iv) establishing sustainable financing of community partnership building through the establishment of a trust fund. Each component had many subcomponents with a total of 27 activities (Appendix 3). The project, approved in October 2000 for \$34.8 million, is financed by a loan from ADB; grants from GEF, Government of the Netherlands, and the Government of Sri Lanka; and beneficiary contributions. The project became effective in September 2001 with loan closing scheduled for 30 June 2007. The executing agencies are the Department of Wildlife Conservation for components A, B, and D, and the Biodiversity Secretariat for component C, both agencies are under the Ministry of Environment and Natural Resources. As of May 2007, \$15.1 million has been disbursed from the funds provided by ADB (63%), GEF (51%), and Government of the Netherlands (52%) (Table 4).³⁰

Table 4: Financing Arrangements for the Sri Lanka Protected Area Project (\$ million)

Funding Source	As per Loan Document					Revised Estimate	
	Loan/ TA No.	Foreign Exchange	Local Currency	Total Cost	% of Total	Total Cost	Disbursed (31/05/07)
ADB Loan	1767	6.6	5.4	12.0	34.5	13.4 ^a	8.4
GEF TA	3519	7.0	3.2	10.2	29.3	9.0	4.6
Gov. of Sri Lanka		0.0	7.7	7.7	22.1	7.6	
Gov. of the Netherlands TA	3778	4.0	0.0	4.0	11.5	4.0	2.1
Beneficiaries		0.0	0.9	0.9	2.6	0.9	
Total		17.6	17.2	34.8	100.0	34.9	15.1

ADB = Asian Development Bank, GEF = Global Environment Facility, Gov. = Government, TA = technical assistance.

Source: ADB databases (project performance report as of 31 May 2007).

33. This loan was prepared when ADB and GEF were still developing their contractual arrangements under the evolving direct access mechanism. Consequently, ADB and the World Bank jointly prepared the project after GEF approved the project outline in principle in 1999. Discussions with World Bank staff were difficult because they wanted to use the World Bank administrative and safeguard criteria and policies, which ADB found to be a step back from

²⁹ Representing wet-zone highlands (Peak Wilderness Sanctuary and Horton Plains National Park); dry-zone lowlands (Ritigala Strict Natural Reserve, Wasgamuwa National Park, Minneriya National Park, and Uda Walawe National Park); and arid-zone coastal wetlands (Bundala National Park) (Map 2, page ix).

³⁰ As of May 2007, contract commitments were 73% of total ADB loan amount.

arrangements concluded for the Bangladesh Sundarbans Project and, therefore, unacceptable. Under the Bangladesh Sundarbans Project, the World Bank had delegated full responsibility to ADB for project processing and implementation.

34. Both institutions expressed reservations regarding risks posed by the multiplicity of government agencies involved in the project and their overlapping functions, as well as the institutional weaknesses of Department of Wildlife Conservation. These risks were felt to be mitigated by loan covenants requiring delegation of authority and responsibility to local offices and frequent interaction with all levels of government. ADB staff, however, felt that a fragmented institutional framework could not be avoided since the multisector nature of biodiversity projects required complex interagency coordination. Even though more work was needed to address the institutional concerns more effectively, ADB supported early approval because it was keen to present a project that demonstrated its ability to manage GEF funds, as well as provide a test case for the enhanced role of GEF executing agencies in general. Thus, contrary to normal GEF procedures that require GEF management clearance prior to implementing agency approval, ADB Board approval was given in October 2000, 9 months ahead of the endorsement of the GEF chief executive officer in August 2001.³¹

35. The Sri Lanka Protected Area Project had a slow start, especially during the first 2 years of implementation,³² but eventually gathered momentum in 2004. Compliance with many loan covenants was delayed substantially; however, they were gradually being complied with at the time of the OED Mission.³³ The risks identified in early reviews by both the World Bank and ADB related to project complexity; institutional weaknesses have plagued implementation.

36. One of the main lessons of the project is the need for broad consultation among all concerned stakeholders during project processing to identify views and concerns that may impact project design and implementation arrangements. Implementation delays primarily resulted from interference from NGOs and civil society pressure groups, lack of internal coordination, lack of institutional capacity, and general delays associated with the government's administrative systems. NGOs and pressure groups with substantial interest in the protected areas were actively involved in trying to delay project implementation. Legal action and publicized criticisms by various stakeholders reduced implementation efficiency. Negative perceptions among these external stakeholders about the project stemmed from initial discussions about privatizing the parks and their bungalows.³⁴ Interest groups were also concerned about biopiracy and the engagement of international consultants and international NGOs. The degree of interference and delays seems above normal, possibly due to the negative publicity given by those opposing the project and the initial lack of public awareness campaigns promoting project benefits. In addition, many critics who passionately care for the country's natural resources did not trust the stewardship capability of the Department of Wildlife Conservation. Although several public consultations were held

³¹ The decision to not follow the GEF processing schedule could also have been triggered by the impasse in discussions with the World Bank over which agency's operating policies applied. ADB staff noted that communication with the World Bank and GEF had been full and open, and neither had raised specific issues on the processing schedule.

³² Procurement was delayed. The staff of the Department of Wildlife Conservation had inadequate procurement experience and the absence of qualified bidders led to repeat tenders. Consultant hiring was set back by legal issues on the interpretation of working days. The Department of Wildlife Conservation also had difficulty finding suitable NGOs to conduct the microplanning exercises envisaged under component D.

³³ The project implementation period has covered the terms of three governments. The three ministries have been responsible for the project. This report generally provides the implementation details as of July 2006 when OED visited the project sites. As it is an ongoing project, implementation details are updated in footnotes to the extent available. Implementation since the OED Mission can be hampered as parts of the project area are located in conflict-ridden zones of Sri Lanka.

³⁴ The bungalows were being rented at very low rents by several influential families in Sri Lanka.

during project preparation, these were mainly attended by those with vested interests who protested the project. However, ADB did not clearly identify the extent of the risk of this opposition and adequate risk mitigation measures were not identified clearly. The failure to do so was a significant weakness in ADB's due diligence during project formulation.

37. **Relevance.** There is a clear need to protect biodiversity in Sri Lanka. However, the project design is assessed partly relevant due to the lack of understanding of the institutional constraints and the concerns of external stakeholders and the overambitious design. The project's long-term goals were pertinent because of the need to strengthen wildlife and biodiversity conservation management to mitigate increased pressures on protected areas and to implement new concepts of decentralization and adaptive management of protected areas. Sri Lanka is a signatory to four international conventions related to biodiversity and has about five national policies and plans on natural resource management. They were also directly related to the United Nations Convention on Biological Diversity signed by the country in 1992. However, the project design had many fundamental weaknesses that have put at risk the achievement of outputs and outcomes.

38. The project did not adequately compensate for the institutional weaknesses of the Department of Wildlife Conservation³⁵ that were known at the time of project preparation. The assumption that this key project risk would be mitigated by covenants proved to be unfounded. The project design was very complicated, comprised four components with 27 activities, all of which were to be implemented simultaneously during years 1 and 2. In hindsight, a phased approach of first building the required institutional capacity, and then developing adaptive management techniques to implement the project, would have been more prudent. Sustainable financing of community partnership building should have come after allowing sufficient time for the proposed trust fund to establish adequate earnings, and for staff to be trained for such activities. Simultaneous implementation of all these activities over stretched the limited capacity of the management and staff of the executing agency. Initially, the project had reasonable senior government ownership, but midlevel support was limited and not adequately cultivated during project preparation. The project would have benefited from providing the leadership of the Department of Wildlife Conservation with change management training to build ownership of the institutional and policy changes needed.

39. Although several public consultations were held during preparation, these meetings were mainly attended by vested interest groups who opposed the project. Given this opposition, more efforts were needed to develop broad-based public support through parallel public awareness campaigns. The strong "caring for nature" culture in Sri Lanka might have been harnessed to the benefit of the project through wider consultation and awareness building among the general public. Over time, the project has been able to overcome many of the obstacles aided by the patience and flexibility shown by the Department of Wildlife Conservation and the Sri Lanka Resident Mission. At the time of the OED Mission, 6 years after project approval, project ownership had improved, both within the executing agency and among the buffer zone community. Given the clear need to develop institutional capacity and ways to overcome the opposition to the project in some quarters, both of which were known during project formulation, it seems clear that approval of the project was premature. ADB appears to have been driven by its own institutional imperatives to gain direct access to GEF, rather than to achieve development results.

40. **Effectiveness.** The project is assessed as effective. After a slow start, substantial progress has been made during 2005 to 2007. Several outputs and a few outcomes have been generated. Awareness programs, publicity material, video documentaries, and radio programs were developed

³⁵ From 1990 to 2001, responsibility for the Department of Wildlife Conservation shifted between five ministries, and it was led by 10 directors general, i.e., a change in leader about every 2 years.

in 2005 to raise awareness of protected area and conservation activities. Activities such as habitat mapping, gap analysis, boundary survey demarcation, water tank and road rehabilitation, facility construction, invasive species removal, and special research, were conducted with the intention of completing these activities by the project closing date. Detailed management plans and 3-year operating plans were prepared for all project parks.³⁶ Despite delays, construction activities in all these parks were substantially completed but some were not yet in operation³⁷ at the time of the OED Mission. Several parks started establishing community-based organizations in the buffer zones and formalizing them under government regulations. In some areas, community outreach programs have been developed (e.g., provision of electric fencing, rural roads, fishing gear; and establishment of revolving funds for self-employment generation), and have resulted in new collegial relationships between buffer zone communities and protected area staff.

41. At the time of the OED Mission, some key covenants were yet to be complied with, although progress has been made regarding several. Construction of park facilities, preparation of publicity material, removal of invasive species, and revision of protected area management plans have been carried out. Buffer zone community development programs and the long-delayed and smaller-scale baseline biodiversity survey were completed in four parks. Several short training programs were effectively conducted within and outside the country. The training plan was completed by end 2006, but the training will be undertaken only after institutional reforms have taken place. The remaining biodiversity surveys, institutional reforms, and delivery of the training require a project extension. This would require the Government to reach agreements with the financiers, including GEF and the Government of the Netherlands, and with the civil society petitioners (the out-of-court settlement stipulated the prohibition to extend the project beyond the original closing date).³⁸ The Flora and Fauna Protection Ordinance was submitted to Parliament, but the timing of approval or even approval itself is not clear. The Attorney General's Department cleared the draft ordinance in October 2006, and additional amendments suggested by the petitioners were submitted to the legal draftsman. The Flora and Fauna Protection Ordinance was submitted to the cabinet in March 2007 before transmittal to Parliament. The restructuring plan for the Department of Wildlife Conservation was approved by the Cabinet, and recruitment guidelines and job descriptions were submitted to the Ministry of Public Administration for clearance prior to advertising the positions.

42. **Efficiency.** The project is assessed as less efficient based on long delays in the start of the project, extending into the third or fourth year after approval. The amount of work expected and the number of consultants assigned far exceeded Department of Wildlife Conservation's absorptive capacity. It initially failed to provide sufficient counterpart staff, and available staff encountered difficulties implementing and complying with various ADB guidelines. Interference by various stakeholders reduced the efficiency of project implementation as did the fact that the steering committee did not function productively. The use of marketing and public relations to promote project activities was relatively weak during the initial project stages. This could have been a very powerful instrument to gain broad-based public support for the project and to increase its efficiency and effectiveness. Unfortunately, there was some confusion about the project among

³⁶ The management plans were not printed at the time of the OED Mission.

³⁷ As of November 2006, only four of seven protected area visitor centers were reported to be in operation. Construction in Ritigala, Uda Walawe, and Minneriya-Kaudulla was significantly behind schedule due to inadequate labor, slow supply of materials, inferior quality workmanship, and inadequate supervision; but were not all completed by May 2007.

³⁸ As of November 2006, the petitioners agreed to delete the clause that disallows project extension. ADB requested, as a condition of extension, the approval for institutional reforms (a long-delayed covenant) so that implementation of the institutional reforms and related training could be completed during the extension period. However, this condition was not met as of 15 May 2007.

the public at the time of the OED Mission. Initial lack of ownership and inadequate analysis of the project constraints contributed to these inefficiencies.

43. **Sustainability.** A number of steps were taken after 2005 to increase the possibility of the sustainability of project outputs: (i) the Cabinet approved the necessary institutional reforms and decentralization of authority in June 2005; (ii) 50% of revenues from the parks have, in principle, been earmarked for conservation purposes; and (iii) there is now better ownership of project activities and approaches among some executing agency staff, especially those directly involved in park management. However, considering what the project can likely achieve within the framework of the implementation time (up to June 2007) and the uncertainty raised by renewed civil strife, the sustainability of project outputs is assessed as less likely at the time of this evaluation.

44. **Evaluation.** The overall rating of the Sri Lanka Protected Area Project is partly successful based on the ratings of the standard evaluation criteria (Table 5).

Table 5: Assessment of the Performance of the Sri Lanka Protected Area Project

Criterion	Weight (%)	Assessment	Rating Value	Weighted Rating (R) ^a
Relevance	20	Partly relevant	1	0.2
Effectiveness	30	Effective	2	0.6
Efficiency	30	Less efficient	1	0.3
Sustainability	20	Less likely	1	0.2
Overall rating		Partly successful		1.3

^a Highly successful if $R > 2.7$; successful if $1.6 \leq R \leq 2.7$; partly successful if $0.8 \leq R < 1.6$; unsuccessful if $R < 0.8$.
Source: Special evaluation study team.

45. **GEF Concerns.** Although the project had a difficult beginning, several GEF concerns related to global benefits are being addressed. The long-delayed baseline biodiversity survey is being carried out in four of the seven parks³⁹ contributing to the global inventories of biological diversity. A key component of GEF funding was to pilot test participatory adaptive management in priority protected areas. This activity has developed well. One of the significant achievements of the project was the development of guidelines for the preparation of management plans based on international best practice. While the trust fund originally conceived under the project was converted to a sinking fund,⁴⁰ it has financed several community development projects and resulted in a more positive relationship between the regulatory authorities and the community, which will help support the preservation and survival of endemic lineages and species under threat elsewhere. The portfolio gap analysis study⁴¹ was finalized, and habitat maps prepared for all seven of the project protected areas. Field staff have gained knowledge of species identification. Of the targeted 125 faunal species conservation profiles, 119 were completed by November 2006. Of the targeted 286 floral species, profiles of 238 higher plant species and 17 marine algae species were prepared. Two of the six species recovery plans have been completed and the remaining four are under preparation. The World Conservation Union and Biodiversity Secretariat are in the final stages of updating the country's Red List of Threatened Species.⁴² Overall, there has been good progress in terms of the global benefits expected from the project as a result of GEF investment despite the start-up delay. The sustainability of these achievements, however, will depend on success of the institutional strengthening components. Sustainable success in this area is far from assured.

³⁹ This is expected to be extended to the other three parks if the project is extended.

⁴⁰ The intention of the trust fund was to hold the initial contribution by financiers in trust and after several years to use the earnings from managing it for community development activities. However, due to the constraints on using the Government of the Netherlands funds for a trust fund, the money was put in a sinking fund which would deplete with usage.

⁴¹ This study is useful in determining priorities in strategic and spatial planning. This was undertaken to gain greater understanding of the conservation area system.

⁴² The system provides the status and distribution of globally threatened biodiversity. The database is updated and analyzed periodically and results are published once every 4 years.

46. **Executing Agency Performance.** The performance of the Department of Wildlife Conservation was quite weak until about 2004 due to frequent changes in its leadership and because it was transferred between several ministries. Once its director general⁴³ was appointed concurrently as director, the project began to move at a better pace, and the department became instrumental in steering project progress in a positive direction. The department has managed to implement the various complementary project components. However, due mostly to administrative decisions beyond its control and opposition by NGOs, implementation of project components has been slow. Many of the key covenants are still pending. While agreements were reportedly reached during each review mission, many remained unfulfilled when the next review mission was undertaken. Based on these observations, the performance of the Department of Wildlife Conservation is assessed as partly satisfactory.

47. **ADB Performance.** ADB fielded 10 missions during loan preparation and 12 review missions up to the end of 2006. Despite the considerable effort during preparation, there were significant weaknesses in project design. Constraints not analyzed adequately and realistic measures were not taken to address related concerns. While the Department of Wildlife Conservation's institutional problems (including weak capacity, vulnerability to shifts between ministries, and numerous changes in its leadership) and opposition to the project in some quarters were disclosed in the report and recommendation of the President, the expectation that these institutional issues would be addressed through covenants to be accomplished in the first 2 years of the project was unrealistic. A phased program of smaller projects building on the achievements of the previous initiatives would have more effectively addressed the multifaceted nature of the protected area issues.

48. Initially, there appears to have been an intention for a long-term ADB involvement with the sector. The country strategy and program update of 2001 included a concept paper for a follow-up project, which intended to broaden the adoption of a protected area management system. However, this idea was not carried through in subsequent country strategy and program updates. Thus, the project became a one-off intervention and ADB effectively exited from the sector. During implementation, ADB made the correct decision to delegate the project to the Sri Lanka Resident Mission soon after loan approval. The resident mission, being well informed and realistic in its approach, provided good leadership by addressing the day-to-day problems in a rapidly changing environment. For example, when the promised financing for the trust fund from the Government of the Netherlands was converted into a sinking fund (footnote 40), the Department of Wildlife Conservation and the resident mission managed to use the funds for productive purposes in the buffer zone. This component was instrumental in changing perceptions about the project among the buffer zone community and some of the other NGOs, and eventually led to the agreement to extend the project. Based on the weak analysis during project preparation and strong support given during the later implementation years, ADB performance is assessed as partly satisfactory.

3. Prevention and Control of Dust and Sandstorms in Northeast Asia

49. **Description.** The dust and sandstorm problems refer to the phenomenon where strong winds carry dust and sand particles over a long distance. These results in adverse environmental and socioeconomic effects and causes damage to life, health, and property. Because of their large desert areas, the PRC and Mongolia are originating areas for the dust and sandstorms (Map 3, page x). Statistics indicate an increased frequency, expanded geographic coverage, and damage intensity over the past 50 years. This reflects the impact of human interventions in the form of overgrazing, overreclamation, deforestation, and overexploitation of water resources. This has led to rapid land degradation and desertification in the originating areas. This transboundary environment

⁴³ A new Department of Wildlife Conservation director general was appointed in May 2007.

problem affects the PRC, Japan, Korean peninsula, and Mongolia. While affected countries developed national action plans to address the problem, no regional cooperation mechanism existed to sustain the prevention and control activities beyond the national borders.

50. GEF funding was sought to help address this global environmental issue under the convention to combat desertification. The dust and sandstorm originating areas contain globally significant ecosystems, ranging from the Great Gobi ecosystems to the steppe grasslands. The eastern grasslands are home to the endangered Mongolian gazelle and provide habitat for vulnerable species of bird prey and buzzards. The wetlands in these areas support a wide range of globally important biological diversity within the dryland ecosystems. Although several countries in the region are affected, urgent action was needed in the source areas in the PRC and Mongolia to arrest deterioration of the land before the situation would be irreversible.

51. The goal of the 2002 RETA⁴⁴ was to reduce the frequency and severity of dust and sandstorms. This goal was overambitious. Scientists suggest that just halting the ongoing deterioration would, in fact, be a major achievement. The cost was estimated at \$1.215 million, which was financed by two \$500,000 grants from GEF and from the Japan Special Fund administered through ADB (Table 6). The remainder of the cost was financed by the governments of the PRC and Mongolia through in-kind contributions for counterpart support services, office space, and office facilities. PRC coordination was handled by the National Development Reform Commission, while coordination in Mongolia was done through the Ministry of Environment and Natural Resources.⁴⁵ ADB worked with the United Nations Convention to Combat Desertification (UNCCD), UNEP, and United Nations Economic and Social Commission for Asia and the Pacific to implement the RETA. The UNCCD was the main secretariat, UNEP supported the development of a plan for a monitoring and early warning system, the United Nations Economic and Social Commission for Asia and the Pacific was responsible for preparation of the investment plan, and ADB was to lead preparation of the master plan.

Table 6: Financing Arrangements for the Regional Technical Assistance for Prevention and Control of Dust and Sandstorms in Northeast Asia (\$ '000)

Funding Source	Estimates at TA Approval				Revised Estimate	
	Foreign Exchange	Local Currency	Total Cost	% of Total	Total Cost	Disbursed (31/05/07)
ADB-JSF ^a	426.4	73.6	500.0	41.2	500.0	372.1
GEF ^b	318.6	181.4	500.0	41.2	500.0	333.4
Subtotal	745.0	255.0	1,000.0	82.3	1,000.0	705.5
Gov. of Mongolia		90.0	90.0	7.4	90.0	
Gov. of the PRC		125.0	125.0	10.3	125.0	
Subtotal		215.0	215.0	17.7	215.0	
Total	745.0	470.0	1,215.0	100.0	1,215.0	

ADB = Asian Development Bank, GEF = Global Environment Facility, Gov. = Government, JSF = Japan Special Fund, PRC = People's Republic of China, TA = technical assistance.

^a Financed by ADB on a grant basis from its Japan Special Fund, funded by the Government of Japan.

^b ADB administered TA financed on a grant basis by GEF.

Source: ADB TA information system.

⁴⁴ Officials from the Russian Federation and the Democratic People's Republic of Korea initially expressed interest in RETA participation, but the former was hampered by the internal approval process in Moscow and the latter was denied since it is not an ADB member.

⁴⁵ The PRC Government established a multiagency working group including representatives from the National Development Reform Commission, Ministry of Finance, State Environmental Protection Administration, and State Forestry Administration to guide and support the TA. The Government of Mongolia also established a multiagency working group including representatives from the Ministry of Nature and Environment, Ministry of Finance and Economy, and other concerned agencies.

52. The RETA aimed to deliver (i) an institutional framework for regional policy and operations coordination among the participating agencies in the four countries, and (ii) a regional master plan for reducing dust and sandstorms based on scientific findings. The master plan would include a regional monitoring and early warning network, and an investment strategy to guide land rehabilitation and mitigation measures in source areas, sustain financing, and identify eight priority demonstration projects to disseminate best practices. The expected completion was scheduled for June 2004; this was later revised to March 2005. Actual completion was in February 2006. Appendix 4 gives details of project design, implementation, outcomes, and monitoring. Based on these details, the summary assessments are presented according to the four key evaluation criteria.⁴⁶

53. **Relevance.** The RETA is assessed as relevant. It is related to the UNCCD,⁴⁷ and addresses a serious problem in Northeast Asia that has been growing in the last decade. Improved awareness and coordination is critical to more effectively address the causes and mitigate the impacts. Sharing information and undertaking research on desertification and land degradation, both in the region and worldwide, is also relevant. The creation of a regional master plan was timely. However, the RETA addresses the symptoms of the problem as opposed to the causes, which are partly due to human intervention (unsustainable and inappropriate agriculture land management practices). The proposed monitoring and early warning system, while useful to address the symptoms, have relatively limited value added compared to the early warning possibilities of the existing weather satellites. A phased approach generating more lasting outcomes would have been more relevant to achieve the goal of the Dust and Sandstorms RETA. In general, the RETA was not sufficiently ambitious about its outcomes. More work could also have been undertaken by extending the Project up to the 1 million limit of the medium-sized projects cofinanced by GEF.

54. **Effectiveness.** The RETA is assessed as effective and it achieved the expected outputs. It built stakeholder collaboration and participation during implementation through multiple meetings and workshops. This facilitated regional cooperation among stakeholders who were not previously collaborating within the country and among the countries, and also with the associated United Nations agencies. This was a difficult outcome to achieve given the differences of opinion evident at the beginning. The RETA also increased technical capacity and knowledge about the occurrence of dust and sandstorms. A regional master plan for combating dust and sandstorms was prepared with a program for establishing a regional monitoring and early warning network and an investment strategy. The master plan was endorsed by the participating countries through various official statements including the Communique of the Tripartite Environment Ministerial Meeting (of the PRC, Japan, and Republic of Korea). The outputs have been published and disseminated in the participating countries and at international conferences.⁴⁸

55. The RETA identified a project located in the border area between the PRC and Mongolia as a joint project for collaborative implementation and a list of a number of possible technical interventions. However, few details are available on the proposed implementation arrangements for the demonstration sites, and actual funding has not been secured for any of the proposed activities. The RETA raised expectations of various stakeholders (e.g., local governments) by

⁴⁶ The TA completion report prepared in May 2006 rates the project as highly successful because of its cost-effective and innovative way of establishing the regional steering committee and the Regional Master Plan for Prevention and Control of Dust and Sandstorms in Northeast Asia.

⁴⁷ The General Assembly of the United Nations adopted the Convention to Combat Desertification in Paris on 17 June 1994. As of March 2002, over 179 countries were parties to this convention.

⁴⁸ In the Fifth Ministerial Conference of Environment and Sustainable Development in Asia and the Pacific (Seoul, March 2005), and in the Seventh Conference of Parties of the UNCCD (Nairobi, October 2005).

proposing a large number of demonstration projects. Subsequent to the RETA (though not directly related to it), bilateral agreements are being developed between the Republic of Korea and the PRC, as well as the Republic of Korea, Japan, and Mongolia to support the monitoring stations. Another benefit was the launching of a public awareness program through a project website and multimedia presentations to strengthen public awareness and mobilize public support. Based on the generation of anticipated outputs instead of more lasting outcomes, the RETA is not assessed highly effective, but is assessed as effective.

56. **Efficiency.** The RETA is assessed as highly efficient. Despite being a complicated RETA involving four countries and four key agencies, most of the project activities were implemented according to the plan and within the available budget. Strict financial management allowed generation of savings. The consultant performance was satisfactory. There was a 9-month delay in completion of the project due in part to the late start resulting from the severe acute respiratory syndrome outbreak, something which could not be foreseen, and to logistical problems related to the translation of documents.

57. **Sustainability.** The sustainability of the RETA is considered less likely. It was overly ambitious to assume to lead to the RETA's goal of reducing the frequency and the severity of the dust and sandstorms. Without further support, the proposed dust and sandstorm monitoring activities are unlikely to be implemented according to the master plan. The website⁴⁹ created under the RETA is not being updated and does not contain the final report or recommendations. The RETA did not establish the operating capacity for the regional cooperation mechanism to coordinate interventions and mobilize support of stakeholders for combating dust and sandstorms as expected in the TA framework.⁵⁰

58. The RETA did not establish a linkage between the dust and sandstorms effect and the cause of land degradation. The connections between the two issues have been quite loose and determined in an ad hoc manner. This may be because of the divergence of opinion between upstream countries (the PRC and Mongolia) and the downstream countries (Japan and Republic of Korea) on the diagnosis of the problem. While in the PRC, parallel efforts are addressing the land degradation issue (Appendix 5, paras. 17–19),⁵¹ similar efforts are not apparent in Mongolia. The natural resource management and land degradation challenges are more complex than was presented in the RETA reports. The overall tone of the report is that a solution for dust and sandstorms can be “engineered” to address the problems. In reality, an adaptive management approach has become more widely accepted and recommended. Scientists suggest that success rates of tree planting and nursery projects have been disappointing.⁵²

59. **Overall Evaluation.** Overall, the Dust and Sandstorms RETA is rated successful⁵³ based on the standard evaluation criteria (Table 7).

⁴⁹ Available: <http://www.asiansandstorm.org>

⁵⁰ The follow-up project documents do not address land degradation (e.g., Capacity Building to Combat Land Degradation and Central Asian Countries Initiative for Land Management) or indicate that they used the experience gained under the RETA.

⁵¹ GEF did not approve the proposed TA due to cash flow problems.

⁵² World Bank and Mongolia. 2006. *Assessment of the Success of Tree Planting Initiatives*. Mongolia. The work was undertaken by the Deutsche Gesellschaft für Technische Zusammenarbeit (German Agency for Technical Cooperation), the University of Göttingen, and the Institute of GeoEcology of the Mongolian Academy of Sciences. Main findings suggest that the most sustainable and cost-effective way to restore forests is to encourage natural regeneration, and not invest in costly planting programs that have limited success to date. Where planting is undertaken, careful planting site selection, good capacity building, training for workers, and care of the seedlings after planting are all crucial to seedlings survival.

⁵³ The scope of the RETA was limited, mainly focusing on outputs rather than outcomes.

Table 7: Assessment of the Performance of the Dust and Sandstorms Regional Technical Assistance

Criterion	Weight (%)	Assessment	Rating Value	Weighted Rating (R) ^a
Relevance	20	Relevant	2	0.4
Effectiveness	30	Effective	2	0.6
Efficiency	30	Highly efficient	3	0.9
Sustainability	20	Less likely	1	0.2
Overall rating		Successful		2.1

^a Highly successful if $R > 2.7$; successful if $1.6 \leq R \leq 2.7$; partly successful if $0.8 \leq R < 1.6$; unsuccessful if $R < 0.8$.
Source: Special evaluation study team.

60. **GEF Concerns.** Although the causes of dust and sandstorms were initially linked with the global desertification problem, project implementation focus shifted to addressing the symptoms of the problem and providing an early warning of the symptoms. Therefore, project activities were not linked sufficiently to solutions being attempted to address desertification or advocate the importance of these solutions or to raise public awareness. Inadequate emphasis was given to understanding that human interventions in terms of overgrazing and agricultural practices in the source areas, if not arrested, would continue to aggravate the dust and sandstorms problem. While the early warning systems and the dust and sandstorm effects could be better monitored, it did not benefit the global concerns about dust and sandstorms.

61. **ADB Performance.** ADB performance is assessed as satisfactory. The proposal for the RETA was first discussed during an ADB special consultation mission conducted in March 2002. Since the dust and sandstorm problem is beyond country boundaries, there was need to have a multilateral facilitator like ADB to mobilize suitable technical and financial resources to implement remedial measures in a coordinated manner through regional cooperation. When fundamental differences in outlook among the countries and the United Nations agencies involved were discovered, ADB took the lead to build consensus on how to address the symptoms of dust and sandstorms. While this was a useful effort and coordination would be a key element to solving the problem, ADB and others focused on the symptoms and did not make a direct link to a more lasting solution which was being separately mounted under the GEF Operational Program 12. The RETA did not discuss the causes for the problem, yet it could have used this forum to give more publicity and public awareness to the cause of the problem to reduce further deterioration. Recognition of the problem that causes the dust and sandstorms and the consensus on how to approach a future solution would have been more useful, especially in the context of Mongolia which lacks funds to address the problem. When complications arose in deciding who should manage the financing arrangements, ADB took full responsibility and managed the finances efficiently. Most of the activities were implemented according to plan and within the available budget. However, many of the outcomes are not sustainable. ADB should have connected the follow-up activities of this RETA with ongoing efforts for more lasting solutions. The programmatic approach on land degradation appears to be a good place to initiate such linkages.

C. Implementation Progress of Other Projects

62. OED reviewed the implementation progress and achievements of the GEF portfolio based mainly on a desk review of project documents and other available literature. Because the portfolio involves many ongoing projects, the final assessment of these projects may differ from that based on the desk review if actions are taken to successfully address some of the problems that are being experienced by those ongoing projects.

63. Of the 13 GEF operations approved, all had goals that were consistent with GEF concerns. The first GEF-cofinanced operation on greenhouse gas emissions, financed as a RETA, was successful and was accessed through UNDP. Subsequently, ADB sought direct access to several biodiversity projects. These were overambitious and aimed to simultaneously achieve complex institutional and technical aspects without adequate analysis of the extent of ownership and capacity in the developing member countries. Using lessons from these past experiences, phased approaches are now being used, especially in the land degradation focal area. These projects are ongoing and therefore their success cannot be assessed. Of the 13 proposals that developed into operations, the likely success of three cannot be assessed as they are still in their early stages (Table 8). Of the remaining 10, one was unsuccessful and canceled, and one terminated. From the information available, OED believes that 4 are likely to achieve most of their objectives and another 4 may partly achieve their objectives. Details of these operations are provided in Appendix 5. Apart from the 13 approved, 5 of the PDF-B proposals approved by GEF and combined with ADB project preparatory TA did not result in projects due to various reasons (footnote 5).

Table 8: Progress Achieved in the GEF Cofinanced Projects

Country/Subregion	Project Name	Status
12 Asian countries	Asia Least-Cost Greenhouse Gas Abatement Strategy	Achieved objectives
Bangladesh	Sundarbans Biodiversity Conservation	Unsuccessful
Sri Lanka	Protected Area Management and Wildlife Conservation	Partly achieving objectives
PRC	Wind Power Development	Terminated
PRC	Efficient Utilization of Agricultural Wastes	Achieving objectives
Cambodia	Tonle Sap Conservation Project	Partly achieving objectives
PRC, Mongolia	Prevention and Control of Dust and Sandstorms in Northeast Asia	Achieved objectives
Greater Mekong	National Performance Assessment and Subregional Strategic Environment Framework	Partly achieved objectives
PRC	Capacity Building to Combat Land Degradation	Achieving objectives
Afghanistan	Natural Resources and Poverty Alleviation Project	Partly achieving objectives
PRC	Sanjiang Plain Wetlands Management	Too early to comment
Central Asia	Central Asian Countries Initiative for Land Management Framework Support Project	Too early to comment
Philippines	Integrated Coastal Resources Management Project	Too early to comment

PRC = People's Republic of China, GEF = Global Environment Facility.

Source: Special evaluation study team.

D. Key Lessons and Findings

64. This section provides an opportunity to look beyond individual case studies to learn from their common experiences and identify key issues. The issues are not presented in order of importance but loosely conform to the stages of the project cycle. Both the Bangladesh Sundarbans Project and Sri Lanka Protected Area Project are biodiversity projects eligible for grant funding under GEF's full-sized project financing modality. They have many common issues. The RETA relates to cross-border problems and was funded under a medium-sized project modality; it presents a different set of issues. The discussion is supplemented by the other GEF-cofinanced projects in the ADB portfolio where applicable. The lessons from each area of discussion are shown in bold and are elaborated by the relevant key findings. Many of the lessons are not specific to GEF projects, but are relevant for natural resource management projects.

65. **Lesson 1: Complex natural resource management projects could often benefit from a phased implementation approach to increase the probability of achieving development results.** Often, complications arise because of the (i) complex and intersectoral linkages of natural resource management issues; (ii) need to establish sound management procedures; (iii) complex legal, policy, and institutional relationships and implementation arrangements; and (iv) weak

institutional capacity in executing agencies. Given such conditions, a phased approach can be designed to build capacity, test approaches, and reduce risk. Each phase can build on successes achieved in the preceding phases. The design should consider the sequencing of interventions. A realistic timetable for undertaking institutional reforms, resolving constraints, and changing policy and legal frameworks should be adopted. The case studies showed that institutional constraints that are partly beyond the control of the executing agencies can delay project implementation. The designs of the Bangladesh Sundarbans Project and Sri Lanka Protected Area Project were complex, each had several components and multiple activities embedded within each component. This complicated project design and institutional complexity was difficult to implement or monitor given the weak ownership of the executing agency in Bangladesh and the inadequate capacity of the executing agency in Sri Lanka. While regular discussions during project preparation focused on how to simplify the project design, a smaller phased project may not have justified the ADB staff and other resource inputs required by projects involving multiple stakeholders and many technical and institutional issues. In the end, the projects were designed to try to solve all relevant issues simultaneously, using an integrated approach. This meant adding various components and multiple implementing partners. The projects aimed to address many issues, ranging from legal reforms, institutional strengthening, scientific research, and conservation management to the development of rural infrastructure and strengthening of community participation. Complex projects of this nature are difficult to implement, especially when governance structures or institutional capacities are weak. Similar problems seem to emerge from a few of the ongoing projects such as the Natural Resources and Poverty Alleviation Project in Afghanistan (Table 1), which in addition to its original objective of biodiversity management of sewage environment degradation wrought by war, has added the objective of poverty reduction due to the grant received by the Department for International Development of the United Kingdom (Appendix 5). However, in contrast, the phased approaches are being designed in more recent ADB-led GEF initiatives under the Partnership on Land Degradation in Dryland Ecosystems in the PRC and the Central Asian Countries Initiative for Land Management.

66. For the Dust and Sandstorms RETA, a phased approach might also have created better opportunities to plan and strengthen the ownership of the stakeholders. The RETA's short implementation was insufficient to generate sustainable outcomes from a complex set of stakeholder relationships. A follow-up RETA was not identified in the country strategies and programs, but ADB did submit a proposal for a medium-sized project to GEF in 2006. Effectively, the Dust and Sandstorms RETA became a one-off RETA with no follow up from ADB. A recent OED study suggests that a long-term programmatic approach to TA would facilitate ongoing capacity building, with each intervention forming part of a long-term process of reform.⁵⁴ ADB's successful experience promoting regional cooperation in the Greater Mekong Subregion suggests that sustained involvement is particularly important when addressing transnational issues.

67. **Lesson 2: Incentives to seek GEF grant funding should be balanced against the need to ensure project quality at entry. The latter should take primacy, and the necessary time should be taken to prepare projects that have adequate ownership and clear implementation arrangements, and are within the implementation capacity of the executing agency.** Such an approach would be consistent with the commitment made in the second medium-term strategy⁵⁵ for ADB to become an organization that focused on achieving development results rather than on loan approvals. In the initial stages, ADB's corporate priority of achieving direct access to GEF funds seems to have over-ridden the need to pay adequate attention to project quality at entry. ADB should exercise care in accessing GEF funds simply to reduce the cost of the projects for clients

⁵⁴ ADB. 2007. *Special Evaluation Study on the Performance of Technical Assistance*. Manila.

⁵⁵ ADB. 2006. *Medium-Term Strategy II 2006–2008*. Manila.

and instead increase its focus on project quality and developing strategies that are likely to be successful in addressing the challenges that are often associated with natural resource or environment projects. When applying for GEF grants, consideration should be given to the long processing time involved in obtaining GEF cofinancing. Preparation of the three study projects was strongly influenced by the opportunity to use GEF cofinancing. The appeal and pressure to include GEF cofinancing during the early stage of ADB's access to GEF financing may have unduly hastened the preparatory stage and increased the size of some interventions. In addition, it could possibly have reduced the rigor of the internal quality control processes designed to ensure quality at entry. The Bangladesh Sundarbans Project was the second ADB project to seek GEF cofinancing, and ADB's broader institutional objectives in this area may have distracted the project team from looking at the institutional difficulties associated with the project design and to ignore the evident lack of ownership of the Forest Department. In Sri Lanka, ADB had a strong corporate incentive to show the GEF Secretariat that it could manage a sizeable GEF project on its own. At the time, ADB was requesting direct access to GEF cofinancing instead of going through implementing agencies like UNDP or the World Bank. In both of these cases, ADB staff appear to have been responding to incentives associated with loan approval than focusing on addressing issues that had significant risks of undermining the likelihood that the project would achieve satisfactory development results. ADB's exploratory efforts to use GEF's medium-sized project modality with a limit of \$1 million in grants narrowed the scope of the Dust and Sandstorms RETA, which appears to have adversely affected sustainability of its outputs.

68. As ADB has matured in its approach to using GEF funding, better examples of obtaining GEF funding have become evident, such as the programmatic approach used in the PRC-GEF Partnership on Land Degradation in Dryland Ecosystems. This programmatic approach allowed the project design to be phased in a sequential manner without the time and pressure of competing for GEF funds on a case-by-case basis.⁵⁶ As a result, the first project approved under that partnership was used to improve the policy enabling environment and to build the capacity of six provinces in the PRC to plan for investment interventions to land degradation (Appendix 5). Other project preparation proposals submitted to the GEF did not mature into feasible projects due to nonreadiness of the client (i.e., Fisheries Management and Development, Conservation and Livelihood Improvement in the Indian Sundarbans, Community-Based Land Rehabilitation and Management) or nonviability of the proposals (i.e., Outer Islands Electrification Project, Yunnan Comprehensive Agricultural Development and Biodiversity Conservation).

69. **Lesson 3: More time should be spent developing project ownership by all levels of government and the public to project success. During project preparation, discussions must be held with middle officials in executing agencies to clearly understand possible institutional barriers and capacity constraints.** Understanding these factors is necessary to design the proper sequencing of interventions to address these barriers. If middle management buy-in is achieved, then obtaining agreement from top management is easier for changes and the changes are more likely to be sustainable. After approval and during implementation, ADB staff often claimed that the Bangladesh and Sri Lanka governments had limited project ownership. Ownership may be lacking for many reasons. First, as shown in the two biodiversity projects, although a few individuals mainly at the higher echelons of governments may have shown ownership of a project because of its importance, the lack of communication and buy-in by middle management created implementation delays. Second, the organizations lacked capacity to undertake the wide range of project components that were not properly sequenced or were innovative and new. Third, reduced ownership can stem from frequent changes in the

⁵⁶ Because of the resource allocation framework, the first-come first-serve basis for allocating GEF funds has been reduced for biodiversity and climate change focal areas.

leadership positions in the executing agency (as in Sri Lanka Protected Area Project) for political or administrative reasons. ADB received sufficient warning signs about risks related to weak executing agency ownership, and should have more effectively recognized and mitigated these risks during project processing. Similarly it is important to have the necessary policy environment in place as in the case of Wind Power Project in the PRC, which had to be terminated as the pricing policy could not be agreed at the national level.

70. Lesson 4: Use public awareness campaigns and mass media initiatives to market the project to the public and thus gain support for project activities and minimize conflicts with vested interest groups. Transparency of intended project objectives and activities is essential. Consultations with the public during the preparatory phase is needed to ensure that project design incorporates stakeholder participation. The need to consult with the public is particularly important for natural resource projects involving many diverse stakeholders; often strong personal and emotional interests emerge. Such proactive campaigns will help to counteract allegations of stakeholders with vested interests and make implementers more accountable for project outputs. Continued consultation throughout the project cycle is also necessary. In the Dust and Sandstorms RETA in the PRC and Mongolia, early consultation with a wider range of stakeholders may have broadened the focus of the project to address the root causes of the problem rather than focusing narrowly on the effects. In Bangladesh and Sri Lanka, the ineffective consultations became evident during implementation, when strong public criticism resulted in serious critical implementation delays. The ineffective consultations during preparation may partly be attributed to the pressure to process the loans within the ADB and GEF approval time frames. In Bangladesh, NGO allegations about project mismanagement led ADB to encourage the executing agency to build collaboration with the NGOs during the revision of the project after the midterm review. The subsequent lack of evidence to show that NGO concerns were seriously taken into account partly discouraged ADB from lifting the loan suspension conditions.⁵⁷ In Sri Lanka, powerful NGO opposition to the project led to a legal stipulation that the project implementation period should not be extended beyond the original closing date.

71. Lesson 5: Grant cofinancing arrangements, while attractive to the client, must be carefully selected and designed to ensure that the associated incremental transaction costs are not excessive. Experience shows that limiting cofinancing to a few components may ease administration. At the preparatory stage, back-up sources of cofinancing available are recommended in the event that anticipated agreements do not materialize. Consideration could be given to using ADB's umbrella cofinancing modality.⁵⁸ The cofinancing arrangements for both the Bangladesh and Sri Lanka case studies complicated the project financial arrangements. In Bangladesh, cofinancing was initially negotiated with the Nordic Development Fund but this fell through during processing; then grant funds from the Government of the Netherlands were arranged. However, the Government of the Netherlands' decision to distribute its funding over all components of the Bangladesh Sundarbans Project resulted in the project's incompatibility with the Bangladesh project proforma system. In Sri Lanka, project design required part of the Government of the Netherlands' funds to be earmarked for the trust fund to finance the community participation component. During implementation, the Third Review Mission found that the Government of the Netherlands' resources could only be used as a sinking fund. As a result, the trust fund was not established, thus affecting the potential sustainability of the community participation activities, which are currently being financed under a sinking fund arrangement.

⁵⁷ The suspension was mainly put in place due to allegations of financial mismanagement and lack of implementation progress.

⁵⁸ ADB may initially finance a project and cancel a portion of its loan when cofinancing becomes available later (ADB. 2003. Operations Manual. Section E1/BP: Cofinancing. Manila [29 October]).

72. Lesson 6: Complex projects involving an ambitious agenda and diverse stakeholders require a strong project management structure and clear project management processes.

Failure to anticipate implementation details in terms of (i) accounting and disbursements, (ii) composition of the steering committees, particularly if their mandates are not clear, and (iii) appropriate delegation of project management authority resulted in stalled implementation of both full-sized projects. The project designs in Bangladesh and Sri Lanka projects failed to sufficiently anticipate and address logistical and institutional constraints. Inadequate implementation mechanisms were put in place prior to loan effectiveness. The funding mechanisms and disbursement procedures for the Bangladesh Sundarbans Project were not made clear and were not compatible with the existing government systems. In both projects, overly ambitious schedules were set for difficult policy and legal reforms and for institutional changes dealing with delegation of authority and making management more transparent. A key feature of both projects required the project director to be given authority to implement the project irrespective of the existing structure of the executing agency. There was not adequate consultation and consensus building for this arrangement before loan approval. There was resistance to this approach such that the condition was not fulfilled in Bangladesh and fulfilled several years after effectiveness in the Sri Lanka Protected Area Project. When the project director position and Department of Wildlife Conservation leadership were assigned to the same individual, the Sri Lanka Protected Area Project turned around and gathered momentum. An OED study shows that there are systemic problems associated with temporary project implementation units and institutionalization of capacity to the executing agency.⁵⁹ One way to address this would be to appoint the executing agency head as the project director, such that he/she can balance the capacity building efforts within the executing agency with those of the project implementation units.

73. In Sri Lanka, steering committee members were not selected carefully. They were appointed on an informal basis without proper terms of reference or mandate for the steering committee mandate. As a result, its ability to provide sufficient guidance to the Sri Lanka Protected Area Project was limited. The steering committee became a venue for various parties to voice disagreements about the project. In contrast, the Dust and Sandstorms RETA had a better experience with the steering committee. Although it included many diverse members who had not worked together before, the strong leadership provided by ADB and the National Development Reform Commission in the PRC enabled the project to achieve the intended outputs. Unfortunately, the steering committee was coterminous with the RETA instead of serving as a semipermanent platform for international cooperation. Smooth implementation was also evident in the PRC Agricultural Wastes Project and the PRC-GEF Partnership on Land Degradation Project, both of which demonstrated high-level participation and well-organized government counterparts who were committed (Appendix 5).

74. Lesson 7: Delegation of implementation supervision to the country resident mission makes a vast difference in terms of timely resolution of implementation issues.

This was apparent from the study of the two complex biodiversity projects. Delegation to the resident mission provides better accessibility to ADB guidelines and procedures through resident mission staff; communications are faster and more informal with better understanding of local language and conditions; and the country accounting, administrative, and legal systems are better understood by the resident mission staff. While the Sri Lanka Protected Area Project was delegated to the Sri Lanka Resident Mission for implementation and the Bangladesh Sundarbans Project was managed from ADB headquarters. While both projects experienced slow implementation in the first few years, the persistent encouragement from the Sri Lanka Resident Mission and its willingness to be involved in day-to-day administrative and technical issues were

⁵⁹ ADB. 2005. *Special Evaluation Study on the Role of Project Implementation Units*. Manila.

key factors in increasing the probability of success.⁶⁰ In the case of the Bangladesh Sundarbans Project, although ADB management indicated at project approval that such a complex project would require above average staff time for monitoring, implementation was handed over to a junior staff with little experience in forestry projects. Thus, the views of ADB management were, in practice, ignored. In hindsight, such a complex project would have been more appropriately assigned to a senior and experienced ADB staff member, preferably stationed in Bangladesh, given that it was a high profile project and ADB's first GEF project. In subsequent years, project task management changed hands twice, thus affecting the institutional memory and undermining the development of a trusting relationship between the executing agency and ADB. The disputes that prevail to this day on the financial management procedures might have been mitigated had the implementation been delegated to the Bangladesh Resident Mission where accessibility was easier, the country systems better understood, and communications smoother. In contrast, the work for the Asia Least-Cost Greenhouse Gas Abatement Strategy, the first GEF-cofinanced project of ADB, was handled by five ADB staff and showed excellent results despite the coordination work that had to be carried out by 12 participating countries.

75. Lesson 8: Project monitoring mechanisms need to be used as a management tool rather than a fulfillment of GEF or ADB design requirements. As such, more pragmatic ways of establishing key indicator outcomes and monitoring implementation progress have to be visualized during project design and used during implementation. Key indicators have to be agreed with the executing agency on how to measure project outcomes. Often, the scale of socioeconomic baseline surveys is inappropriate, and much time and funds are spent collecting information that will never be used in subsequent surveys. Monitoring a few key indicators of a sample of beneficiaries is more effective than doing an extensive survey of the project beneficiary population. In the case of biodiversity baseline surveys, comprehensiveness is appropriate because the surveys are rarely done and the inventory has global benefits. Although all three case studies included design and monitoring frameworks, little preparation was made to monitor progress during the early stages. In the case of Sri Lanka, elaborate baseline socioeconomic data was collected in the fifth year of implementation; this is unlikely to be repeated by the Government for several years to measure project impacts.⁶¹ Report preparation took a long time. In the same project, the biodiversity baseline survey which was expected to be done in the 1st year was conducted in the 6th year due to consultant selection problems and administrative disagreements. In Bangladesh, no full biodiversity baseline surveys were completed.⁶² The Dust and Sandstorms RETA outcomes were not clearly specified as the project was mainly output oriented.

76. Lesson 9: ADB staff skills in managing complex natural resource conservation projects need to be complemented with other technical skills to understand the specialized nature of such projects and to effectively guide them. ADB should help provide such complementary technical skills using the ADB headquarters-based technical staff or seek help from GEF experts or consultants. As evident from the study, projects conserving natural resources have a high technical content. They also at times focus on larger global benefits, which may not always have equal local benefits. This is one reason that GEF finances the incremental cost of achieving global benefits. Some examples from the case studies are conducting the biodiversity survey in Sri Lanka, reducing the land degradation in dryland ecosystems in the PRC and Mongolia, and saving the Bengali Tiger and mangroves in the

⁶⁰ Another contributing factor was the extensive collaboration between ADB and World Bank staff to address project issues, especially issues raised by the NGO community and the steering committee setbacks. The GEF funding was accessed through the World Bank, but the World Bank fully delegated the implementation arrangements to ADB.

⁶¹ Consultants working on establishing a project monitoring system have a commercial interest in doing a full-fledged survey of the complete beneficiary population; they should be guided by the project management who will use that information and who will have to fund the subsequent survey to measure project impacts.

⁶² Due to the suspension and cancellation of the project, only a draft biodiversity status report was prepared.

Sundarbans. Support provided from head office or GEF Secretariat in the form of a forestry expert for the Bangladesh Sundarbans Project, a biodiversity expert for the Sri Lanka Protected Area Project, and an expert who could advise on land degradation would have been useful to better understand the extent of the work to be done by consultants.

77. Lesson 10: Sustainability must be given more serious attention during project formulation. Risks to sustainability must be identified and mitigated. Mechanisms to allocate regular budgets for maintenance of project facilities and activities, and appropriate delegation of operating budgets and administrative functions to field authorities are necessary.

Sustainability of the project outputs and outcomes are threatened in all three case studies. The financial resources provided by the Government to the Forest Department are insufficient to maintain the facilities constructed under the Bangladesh Sundarbans Project and to use the equipment purchased.⁶³ Initial steps to create a partnership with surrounding communities in the impact zone cannot be considered sustainable as long as extraction incentives are greater than returns from project-developed livelihood opportunities. In Sri Lanka, although some steps have been taken to promote sustainability (i.e., providing half of park revenues to a special fund managed by the Department of Wildlife Conservation), more resources and efforts are needed to sustain the work undertaken in the past 2 years. At the time of the OED Mission, no serious attempt had been made to secure the necessary funding for the long-term maintenance of the project outputs and facilities. In the Dust and Sandstorms RETA, while outputs were achieved in terms of formulating the monitoring plan and investment strategy, outcomes may not be generated or sustained without additional funding to undertake demonstration projects or disseminate information on how to prevent land degradation practices outlined in the investment strategy. The importance of these arrangements for sustainability was evident from the successful Asia-Least Cost Greenhouse Gas Abatement Strategy Project with the establishment of national teams and action plans. In this project, the capacity building activities were well integrated with existing regional institutions, databases, and expert groups.

78. Lesson 11: An important lesson identified is that ADB should take a long-term approach to project development in complex areas of global environmental constraints. Care must be taken not to be overly optimistic about (i) addressing all the problems at once when a lending instrument is used, or (ii) not paying attention to long-term solutions when nonlending instruments are used.

An appropriate combination and phasing of instruments (i.e., use of TA initially for capacity building and lending later for investments) should be used in the context of a long-term approach that envisions sustained ADB involvement over many years to achieve sustainable results. The turnover of ADB staff who were familiar with the constraints at preparation and the handover of the project over to new or junior staff makes it harder to achieve development results. Complex projects must have the support of a team with a designated person in the resident mission backed up by at least another technical staff at ADB headquarters. Having a team of this nature will also solve the problem of maintaining staff continuity in complex projects where institutional memory and building trusted relationships with a client are crucial factors for successful implementation and the sustainability of project benefits. A pattern seems to suggest that only when a project is a major problem does ADB devote significant project administration resources. However, at that time, it may be too late to successfully address the problems.

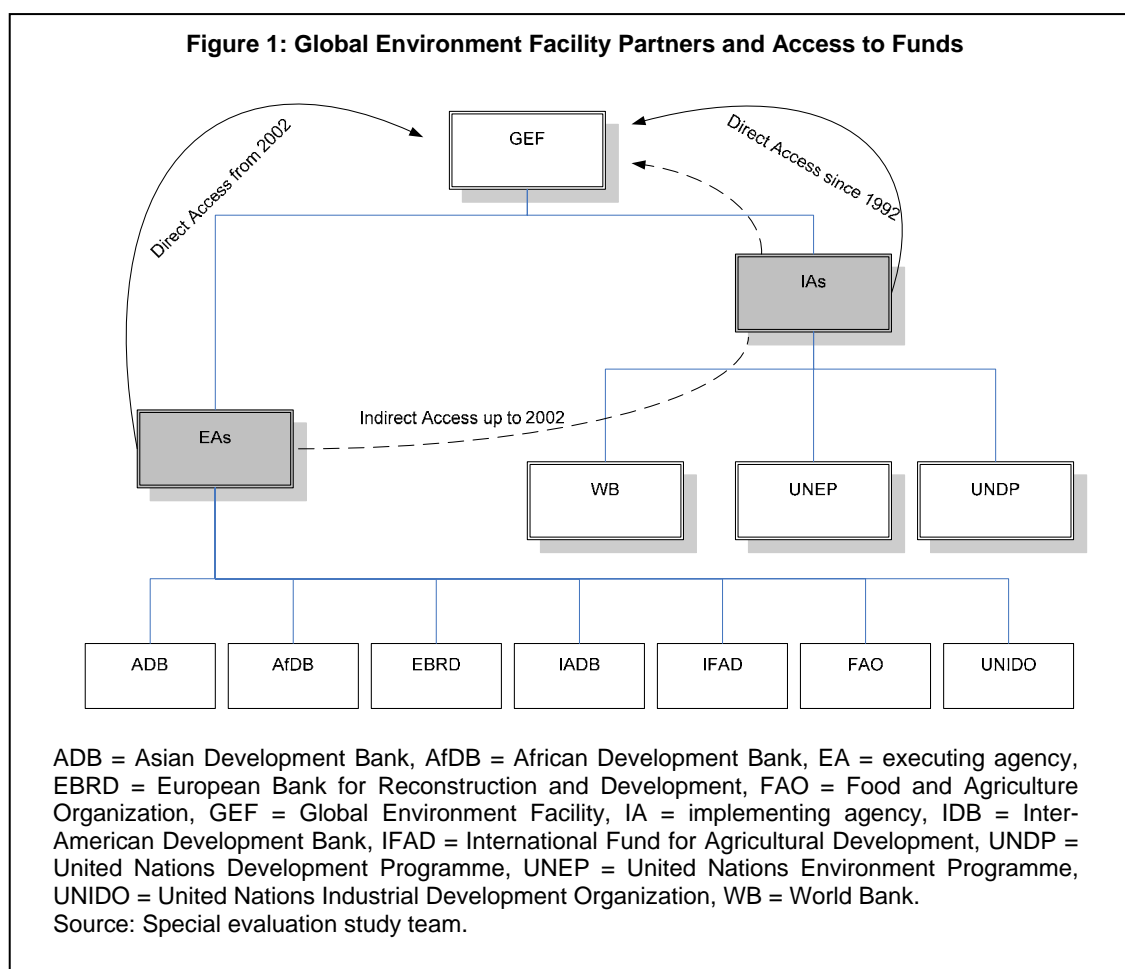
III. LESSONS IN UNDERTAKING JOINT EVALUATION AND THE PROCESS EVALUATION RESULTS

A. Joint Process Evaluation of Methodology and ADB Contribution

79. GEF funding is provided to client recipient countries through GEF partner implementing and executing agencies (Figure 1). The joint evaluation of the GEF activity cycle was

⁶³ Patrolling the vast area of the Sundarbans Reserved Forest (6,000 square kilometers) by boat is expensive.

undertaken by the GEF Evaluation Office and the evaluation units in the 10 GEF partner agencies, including ADB. In January 2005, at a meeting⁶⁴ with the evaluation offices, OED suggested the need to evaluate GEF processes in response to complaints received on long processing delays related to GEF projects. In June 2005, in response to the GEF Evaluation Office request, the GEF Council approved, as a special initiative, partial funding (\$150,000) to prepare a process evaluation of the GEF project (activity)⁶⁵ cycle, and modalities. The participating GEF partner agencies were to provide the balance. ADB's support for this joint evaluation was included as part of OED's 2006 work program.



80. Initially, executing agencies such as ADB accessed GEF funds through the three implementing agencies, the World Bank, UNEP, and UNDP. While direct access to GEF funding was approved in principle for executing agencies in 1999, direct access was granted in different stages, first for PDF-B⁶⁶ project preparation funds and then for medium- and full-sized projects. Different executing agencies gained direct access at different times. At each stage, bringing the

⁶⁴ The GEF Evaluation Office convened a meeting of all the evaluation offices of its partner agencies in January 2005 to discuss the monitoring and evaluation policy for GEF-financed projects.

⁶⁵ GEF evaluation used the term activity cycle to denote regular cycle of the agencies plus the GEF decision points. This report uses the term project cycle to be consistent with ADB terminology.

⁶⁶ The project development facilities are described in Appendix 1.

new arrangements into operation took time, adding to processing delays.⁶⁷ ADB was able to use direct access in 2004.

81. The joint evaluation's objective was to improve the effectiveness, efficiency, and cost-effectiveness of GEF operations on a worldwide basis focusing on the programming and management of the GEF activity cycle. It aimed to (i) identify and analyze the strengths and weaknesses in the GEF activity cycle and modalities; (ii) identify constraints that needed to be addressed to improve GEF procedures, operation, and systems; and (iii) make recommendations to simplify GEF operations. Under the leadership of the GEF Evaluation Office, this joint evaluation was conducted by evaluation offices of the agencies, supported by the GEF coordinating units within the agencies and the GEF Secretariat.⁶⁸

1. Methodology

82. Since all joint evaluations are inherently difficult,⁶⁹ preparatory work began with all participants contributing to a careful drafting of the overall terms of reference and preparation of the evaluation design matrix. The GEF partners ratified these in October 2005. To make the scope of the evaluation manageable, the focus would be on areas where, historically, major challenges had been experienced in earlier phases of the activity cycle (project concept identification up to the first year of project implementation) and in full- and medium-sized project modalities. To address the complexity of a joint process evaluation and to distribute the workload among the evaluation partners, the evaluation was organized under eight components shown below. It incorporated information from document reviews, data collected from agencies, and stakeholder perceptions.

- (i) **Component 1.** Review the legislative framework for the cycle and modalities related to (a) GEF-specific legislation, and (b) any other specific agency legislation governing GEF projects. This allowed the establishment of underlying goals and minimum expectations of the activity cycle and modalities. It also established a timeline for the evolution of GEF requirements and initiatives to streamline the cycle, and provided the context for analyzing the actual application of the cycle and modalities.
- (ii) **Component 2.** Review completed and ongoing evaluative work. This was divided into (a) GEF corporate evaluations, (b) agency evaluations with findings on cycle or modality issues, and (c) GEF project evaluations. This metaevaluation identified weaknesses and strengths of modalities, implementation problems and contributing factors, recommendations, and their follow-up.
- (iii) **Component 3.** Review completed and ongoing initiatives for simplification, harmonization,⁷⁰ and program management within partner agencies or externally to provide the context for the recommendations.

⁶⁷ Extensive discussions were held on establishing accountability for GEF funds (financial controls, disbursement, and funds transfer), assuring project preparation quality, and in some cases, sharing of the GEF corporate budget and responsibilities.

⁶⁸ The GEF Evaluation Office conducted a parallel evaluation to assess the experience of seven executing agencies in GEF operations and project development: GEF. 2006. *Evaluation of the Experience of Executing Agencies under Expanded Opportunities in the GEF*. Washington, DC. Available: <http://www.gefweb.org/MonitoringandEvaluation/METhemesTopics/documents/Publications-ExA.pdf>

⁶⁹ The report on *Guidance for Managing Joint Evaluations* prepared by the Development Assistance Committee of the Organisation for Economic Co-operation and Development in 2006 indicates that while joint evaluations have the potential to bring benefits to all partners in terms of collaborative working opportunities, mutual capacity development, and increasing the legitimacy of findings and recommendations, particular challenges are involved in terms of working together, sharing the workload, and costs. The report provides advice on how to meet some of these challenges and deliver more efficient and effective joint evaluations. Available: <http://www.oecd.org/dataoecd/29/28/37512030.pdf>

⁷⁰ This component was led by the United Nations Industrial Development Organization.

- (iv) **Component 4.** Review agency activity cycles was designed to provide a factual overview of programming processes in concerned agencies and the GEF Secretariat. It was based on relevant manuals, operation guides, legal documentation, and interviews and/or studies on actual experience where available. As a core member of the small management committee for the joint evaluation, OED agreed to undertake responsibility for component 4 of the evaluation—review of cycle steps—a fundamental part of the evaluation. ADB had experience with both indirect and direct access to GEF funding. Agencies provided standard processing time frames, which were reviewed allowing a comparative analysis of gaps and synergies with GEF requirements and practices.
- (v) **Component 5.** This was an exploratory review of possible delivery modalities used by other agencies to allow the evaluation to gauge possible opportunities for streamlining GEF approaches—or adopting new ones—in the future. Components 3 and 5 drew on expert interviews and reviews of documents from multilateral development banks, the Development Assistance Committee of the Organisation for Economic Cooperation and Development, United Nations agencies, and GEF.
- (vi) **Component 6.** Analyze the portfolio according to modality, phase, context, and result using a desk assessment. The database included all proposals (a total of 1,926 operations) processed across all GEF periods. The GEF Secretariat provided data from its project management information system that was corroborated by all agencies, with information being added from project documents and verified through field visits.
- (vii) **Component 7.** Undertake fieldwork in 14 selected countries from all regions involved with GEF projects. The GEF Evaluation Office and agency evaluation staff interviewed more than 200 people. OED provided information based on field visits to Bangladesh, PRC, Philippines, and Sri Lanka. The field visits allowed in-depth focus group and stakeholder interviews based on standardized questions, with GEF focal points, relevant agency staff, and other national and government stakeholders. The main purpose was to add in-depth examples and information on the GEF project cycle and modality experience in each country and to identify specific recommendations that the key informants might have. The interviews were codified in a common protocol that included strengths, weaknesses, opportunities, and threats matrixes for activity cycle phases, modalities, operating principles, and roles of GEF partners.
- (viii) **Component 8.** Using an electronic survey, elicit views and experiences of country clients, GEF focal points, agency head office staff and field project staff, and other stakeholders with regard to the GEF project cycle and modalities. The survey was sent to 2,075 stakeholders, 660 (32%) of whom responded.

83. OED also supported component 7 through field visits in four countries, and contributed significantly to all other components by providing relevant information and commenting on draft reports. The full joint evaluation report and OED's background paper are available in the GEF website.⁷¹

2. OED's Overall Contribution to the Joint Evaluation

84. OED was the only regional development bank represented among the members of the core management group to undertake a majority of the analyses. The core group comprised

⁷¹ The report: GEF. 2007. *Joint Evaluation of the GEF Activity Cycle and Modalities*. Washington, DC. Available: http://www.gefweb.org/uploadedFiles/Publications-Joint_Eval-lowres.pdf. The component 4 paper managed by ADB is available at http://www.gefweb.org/MonitoringandEvaluation/METhemesTopics/documents/Publications-Joint_Eval-Technical_Paper3-C4.pdf

evaluators in the three implementing agencies (World Bank, UNDP, UNEP); ADB; United Nations Industrial Development Organization; and GEF Evaluation Office. The broader evaluation management group comprised all the GEF partner evaluation offices, GEF Evaluation Office, and GEF Secretariat. The management group facilitated the collection of information, with the support of GEF coordination units in each agency. OED participated in all core group and management group discussions in person or by way of video or teleconferencing, and provided comments on the draft documents. While OED's main responsibility was to lead component 4,⁷² OED also participated in collecting information for other components. This included providing

- (i) information on ADB's legal requirements for the project cycle process, including operations manual: policies; operations manual: operating procedures; project administration instructions, etc.;
- (ii) summary of lessons and recommendations on project processing issues from OED's project evaluation database and individual evaluation reports;
- (iii) information on the action plan prepared by ADB on harmonization and alignment, common performance assessment system initiated by ADB, and other relevant documents;
- (iv) template to guide other agencies in submitting data on project cycle steps and elapsed time, as well as the cycle steps that contribute to compliance with GEF operating principles;
- (v) ideas to develop other GEF modalities through ADB's innovation and efficiency initiative;
- (vi) with the support of the Environment and Social Safeguard Division in the Regional Sustainable and Development Department, validated information on the ADB-GEF portfolio in the format required by the GEF Evaluation Office;
- (vii) information from country visits in the Bangladesh, PRC, Philippines, and Sri Lanka to meet with the GEF focal point in each country and arrange focus group meetings with all key GEF stakeholders. In addition, OED met with staff from ADB and other agencies working on GEF projects. Findings were submitted following the GEF template; and
- (viii) a list of 81 email addresses of GEF stakeholders submitted to the GEF Evaluation Office as recipients of the electronic survey instrument.

3. OED's Major Specific Contribution to the Joint Evaluation

85. **Methodology.** The October 2005 meeting of the joint evaluation management group finalized the separate terms of reference for the eight components. Since ADB was the only executing agency in the core group with substantial experience in both indirect and direct access to GEF funds, OED staff were selected to manage the analysis of component 4—the assessment of activity cycles. Component 4 aimed to document the project development and approval processes in each agency and how the GEF decision points fit into these cycles. The objective was to identify gaps and synergies in GEF and agency requirements, using efficiency and effectiveness assessments. The findings were used to propose measures leading to simplifying and streamlining GEF processes. The outputs of this component include (i) definition of cycle phases and their goals; (ii) tracking of key GEF and agency requirements for the cycle; (iii) steps and responsibilities in each phase; (iv) data on duration of phases/steps; and (v) variations for modalities.⁷³ The outputs

⁷² The component 4 report is available as a stand-alone report of the joint evaluation background paper at http://www.gefweb.org/MonitoringandEvaluation/METhemesTopics/documents/Publications-Joint_Eval-Technical_Paper3-C4.pdf

⁷³ The project cycles of the different agencies are presented in appendixes to the component 4 report, and are not repeated in this report.

illustrate the various roles and responsibilities within the GEF network, particularly the work distribution at different cycle stages (i) within the agencies; and (ii) between agencies and GEF partners like the GEF Secretariat, and the Scientific and Technical Advisory Panel.

86. Each GEF partner agency was also requested to submit the goals, steps, responsibilities, and outputs per phase of their respective cycles for processing GEF-financed and/or regular projects, while documentation on GEF requirements and procedures was collected from GEF Council decisions and related GEF Secretariat documents. A descriptive mapping was then prepared to allow for qualitative assessment of effort and a gap/overlap analysis with GEF requirements. While some agencies differentiated their cycle submissions according to modalities,⁷⁴ most of the agencies focused on full-sized projects.⁷⁵

87. Component 4 sought to determine cycle effectiveness through a qualitative assessment of the value-added at each cycle stage (defined as the application of the relevant GEF operating principles),⁷⁶ and how and when each phase is effective in addressing each operating principle as projects move through the cycle, as well as the quality products produced by the various cycle phases. During the January 2006 Management Committee Meeting, a qualitative multistage analysis was adopted, as collecting project-by-project information for this purpose would be too time-consuming. The GEF Evaluation Office asked the GEF coordinators in each agency to submit a ranking of the cycle phases in terms of their value-added in achieving the operating principles. They were asked to rate the relative importance played by each phase in meeting the operating principle using a four-point scale. The agencies were also asked to identify the specific steps within their own procedures that address the operating principles, with a view to ascribing some measure of effectiveness to the agency procedures in meeting GEF values.

88. **Key Findings.** Eight key findings emerged from the component 4 report and are discussed in the following paragraphs.

89. **The number of GEF partners and the diversity of roles they play have evolved into a complex network of stakeholders with overlapping but not always identical goals.** As countries take a more direct role in GEF project identification under the resource allocation framework, more decision points and processing windows may evolve, possibly aggravating the institutional complexity of GEF.

90. **The reform and simplification measures undertaken since 1998 have not made much progress in improving the project cycle, and served to expand rather than streamline the process.** The reforms were premised on overoptimistic expectations that failed to address the underlying reasons for bureaucratic delays—the iterative nature of the cycle, contingent procedures where missing a time slot can set back processing time significantly, and possible agency competition and fee incentive issues. The reforms also addressed procedural delays through additional requirements instead of reducing or relaxing the requirements.

⁷⁴ ADB, Inter-American Development Bank, and UNDP provided their cycles for full- and medium-sized projects, while the World Bank and GEF Secretariat submitted material for full- and medium-sized projects and enabling activities.

⁷⁵ The terms of reference for component 4 listed other indicators of cycle efficiency such as effort and cost. When detailed data on effort and costs for various stages of agency cycles was not available, the joint evaluation management team decided in January 2006 to amend the terms of reference to remove these deliverables.

⁷⁶ GEF has 10 operating principles but only eight were deemed relevant: incremental cost, cost-effectiveness, country ownership, flexibility, full disclosure, public involvement and participation, GEF's catalytic role and financial leverage, and monitoring and evaluation. The two that were not relevant were (i) operating principle 1: Conference of Parties (which guides the financial mechanisms for the implementation of the Convention on Biological Diversity and the United Nations Framework Convention on Climate Change); and (ii) operating principle 8: Country Eligibility.

91. **GEF requires an entire extra phase (e.g., concept development), as well as steps within a phase that go beyond what agencies would normally undertake for their regular projects (e.g., GEF Scientific and Technical Advisory Panel expert review, GEF Council decision).** Two of the three implementing agencies—UNDP and UNEP—documented the least number of steps for all the phases except appraisal. While the internal cycles of these implementing agencies may be more concise and involve fewer requirements than those of the World Bank and the executing agencies, they may not necessarily be shorter:

- (i) Under the concept development phase, the steps most common among the agencies are those from concept identification to the technical review of draft concept papers.
- (ii) For the preparation phase, only the multilateral development banks and the International Fund for Agricultural Development report steps involving the conduct of formal fact-finding missions to prepare the project appraisal document.
- (iii) The number of steps for the appraisal phase varies, ranging from a high of 7–8 steps for ADB and World Bank, to a low of 2–3 steps for UNEP and European Bank for Reconstruction and Development. Consultation, country commitment, and negotiations with the borrower on project details do not appear to be integral to the appraisal phase of some United Nations agencies and regional development banks.
- (iv) ADB and World Bank reported a few more steps leading to full-sized project approval and start-up compared to other agencies, representing extra preparation prior to board approval and signing, as well as the notification of decision.

92. **The GEF cycle has a few joint activities, indicating duplication of review and approval points.** Only two of the cycle processes in the GEF cycle are carried out jointly: (i) the concept review meeting, and (ii) the full-sized project review meeting with the implementing agency/executing agency. Failure to meet the time-bound decision points (like pipeline entry, work program entry, submission for GEF Council meetings, which are often not compatible with agency processing schedules) can lead to significant delays since the agencies have to wait for the next GEF approval window.

93. **As a result of paras. 91 and 92, GEF projects take longer than regular agency processing time frames at all stages.**

- (i) The preparation phase is the longest across the cycle phases (Table 9), with 5 of the 10 agencies reporting actual elapsed times greater than 1.5 years. The agencies require considerably less time, on average, to formulate their regular environment projects, thus eliminating sector complexity as a factor explaining the tedium of developing GEF projects.
- (ii) For the appraisal phase, all agencies reflected more than twice the average elapsed times for their GEF projects relative to their non-GEF projects. The extra time may have been spent on firming up the incremental cost calculations and cofinancing arrangements, as well as finalizing the project proposal for GEF chief executive officer endorsement.
- (iii) For the GEF chief executive officer endorsement and start-up phases, the results were more encouraging. Some agencies (UNDP and the International Fund for Agricultural Development) reported elapsed times for GEF projects that approximated their processing standards for non-GEF projects.

Table 9: Comparison of Agency Standard Time Frames with Actual Elapsed Time per Cycle Phase (months)

Cycle Phase	UNDP	UNEP	WB	ADB	AfDB	IDB	IFAD
A. Preparation Phase/Pipeline Entry to Work Program Approval							
1. Standard Duration	12	—	—	15–31	7–30	—	9–18
2. Actual Elapsed Time	33	34.5	17.5	39	—	41	30.5
B. Appraisal Phase/Work Program Approval to CEO Endorsement							
1. Standard Duration	3.5–6.5	—	—	2–4	4	—	3–6
2. Actual Elapsed Time	15	12.5	14	10	—	3.5	16
C. Approval to Start-Up Phase/CEO Endorsement to IA Approval and IA Approval to Effectiveness							
1. Standard Duration	3–6	—	—	—	4–6	—	3–6
2. Actual Elapsed Time: CEO Endorsement to Effectiveness	4.5	2.5	8.0	8.5	—	6.0	4.0

— = no data, ADB = Asian Development Bank, AfDB = African Development Bank, CEO = chief executive officer, IA = implementing agency, IDB = Inter-American Development Bank, IFAD = International Fund for Agricultural Development, UNDP = United Nations Development Programme, UNEP = United Nations Environment Programme, WB = World Bank.

Sources: Agency submissions for standard durations and component 6 database for the actual time frames.

94. GEF procedures changed frequently and partner agencies require time to learn new procedures and develop a new working relationship with the GEF Secretariat. For instance, implementation of the expanded opportunities for executing agencies took 3 years. Reviews conducted under such institutional uncertainty lengthened the period required, as did changes in staff conducting the reviews.

95. **Sharing information on the status of proposals, guidelines, and eligibility criteria along the project cycle may help reduce delays in the review and approval process, reduce transactions costs, and increase transparency and participation.** The historically close ties between the GEF Secretariat and implementing agencies facilitated easier communication with implementing agencies compared to GEF's communication with the executing agencies, government agencies, and NGOs.

96. **GEF operating principles are relevant to all phases of the cycle and add quality to the process. However, GEF requirements relating to some of the operating principles were front-loaded in the cycle.** While agencies recognize the importance of GEF operating principles, delays were caused by both the extra efforts in meeting the requirements and the back-and-forth exchanges of fine-tuning in later phases. For instance, incremental costs, cost-effectiveness, disclosure, and monitoring and evaluation may not be critical during the concept development stage, so addressing these at such an early stage may add little benefit but entails time and costs, especially if the project design needs to be retrofitted later in the cycle.

97. **Most implementing and executing agencies have their own principles that are compatible with the GEF operating principles, although these may be implemented differently.** ADB and World Bank have, for many years, mainstreamed the GEF operating principles on country ownership, monitoring and evaluation, cost-effectiveness, and flexibility into their respective cycles.

B. Lessons from the Joint Evaluation

98. Generally, partners benefit from a joint evaluation because of (i) harmonization of evaluation efforts and reduced transactions cost, (ii) mutual capacity development, (iii) increased objectivity

through participation and enhanced legitimacy of the findings, and (iv) ability to broaden the scope of the evaluation (footnote 69). Despite this, the international evaluation community has not had very many successful joint evaluations. This joint GEF evaluation is unique in the evaluation community because of the large number of partners involved and the collaboration approach, and sharing of tasks among the partners. The success of the evaluation will, of course, depend on how well it will be received and to what extent the recommendations are implemented by GEF and its partners.

99. As a partner with major involvement with the evaluation, OED feels that this joint evaluation has been a successful experience and has identified important lessons from the experience for future application. This section provides the key lessons identified.

100. **Nonthreatening Nature of the Subject Area.** The topic of the joint evaluation was fundamental to its success. GEF and its partners have been searching for sometime for a solution to the processing issues related to GEF-cofinanced operations. As such, all agencies were happy to collaborate and share the burden of the process evaluation. No particular agency felt threatened by the potential outcome of the evaluation. Had it been a performance evaluation, there may have been less collaboration than was evident in this joint evaluation.

101. **Buy-In from Important Stakeholders.** Prior to undertaking the evaluation, the independent evaluation departments of the agencies had to allocate sufficient funds and personnel for the joint exercise, providing for these in their work programs and budgets. Initially, some agencies had difficulty allocating resources; later this issue was resolved by negotiation of work assignments with other partners.

102. **Appropriate Structure.** The structure of the evaluation was essential to its success. In this joint evaluation, most of the decision making was undertaken by a small core group comprising members of the independent evaluation units of six agencies.⁷⁷ Delegating management to the small, manageable core group meant that consensus could be built fairly quickly, yet the group could also benefit from divergent opinions. A larger consultative group provided comments and inputs as needed periodically through workshops and email, but was not involved in day-to-day management of the evaluation. In addition, only the core group members familiar with the methodology and the concerns of the evaluation, carried out the in-depth focus group interviews during field visits. This improved quality control of the qualitative information collected in the field.

103. **Budget.** The joint evaluation was financed by GEF Evaluation Office funds and in-kind support comprising expertise and personnel, as well as inputs from consultants engaged directly by each GEF partner agency, depending on their specific responsibilities and needs. The GEF Evaluation Office used the Council-approved budget of \$150,000, mainly for consultant fees and travel, as well as consultations. Separating the agency budgets from the GEF evaluation budget allowed for more flexibility in the use of funds and faster disbursements. According to the joint evaluation estimates, more than \$200,000 may have been used by the agencies for direct consultant recruitment and workshops.⁷⁸ These estimates do not include the cost of agency staff time and travel expenses for conducting fieldwork and participating in workshops.

104. **Synergistic Opportunities to Reduce Costs.** While the joint evaluation did have separate budgets from the GEF Evaluation Office and other core partners, the joint evaluation management groups tried to use synergistic opportunities to reduce costs by combining this evaluation with other related work. For example, the country visits for the joint evaluation were attached to other evaluation tasks undertaken by the core group members. In addition, transaction costs for agency

⁷⁷ GEF Evaluation Office, ADB, UNDP, UNEP, United Nations Industrial Development Organization, and World Bank. However, responsibility for particular components was undertaken by ADB, UNDP, UNEP, and GEF Evaluation Office.

⁷⁸ OED used a consultant budget of \$31,500 in addition to providing OED staff time and travel expenses.

staff and staff of the recipient countries were reduced as only one core management member from a single agency visited one country to evaluate the GEF processing issues on behalf of the rest of the GEF partners. In the case of OED, the field trips to Bangladesh, PRC, and Sri Lanka were combined with OED initiatives to evaluate the Sundarbans Biodiversity Conservation Project, Protected Area Management and Wildlife Conservation Project, and Dust and Sandstorms RETA.

105. **Clear Terms of Reference.** An initial task of the evaluation was to develop a terms of reference, an approach, and a methodology. While the extensive terms of reference developed were useful to clarify the methodology adopted by the joint evaluation and its limitations, the absence of knowledge about information actually available in each of the agencies made obtaining all the information identified in the terms of reference difficult. In some instances (as in component 4), the terms of reference had to be revised because agencies were unable to provide the envisaged information. While the agencies' evaluation staff were provided the opportunity to discuss the terms of reference extensively, they may not have been fully aware of the information available in the operation departments of their specific agency. In the future, the availability of information should be reconfirmed prior to finalizing terms of reference.

106. **Communication Modes.** During the joint evaluation process, many of the core team members communicated regularly via email and telephone. However, meetings were called periodically to determine decisions based on consensus. Because of the distance separating members, traveling for just a 1-day meeting was difficult and expensive. Attempts to link via videoconferencing or teleconferencing was only partly effective. While such videoconferencing for a whole day imposed a problem in terms of timing⁷⁹ of the meeting, this was not the determining factor. The technical difficulties of connection and having the equipment linked for a long time proved difficult. Therefore, standby modes of communication may be necessary. Another problem was to focus the camera quickly from one person to another when an intense discussion was taking place, making it difficult to follow the line of thought and contribute effectively. If time and costs permit, a few meetings where group consensus and debate was warranted would be useful.

107. **Leadership.** While the other agency evaluation offices provided inputs and contributed to shaping the joint evaluation report through several rounds of workshops and discussions, the leadership provided by the GEF Evaluation Office was a key determinant to the success of the evaluation. This was particularly true at the beginning when the evaluation approach and methodology were being developed, as were personal relationships among the many team members from different organizations. The GEF Evaluation Office offered necessary guidance on measures to adopt, provided excellent channels of communication, and was sufficiently persuasive to get the inputs within a reasonable time frame. It also was willing to spend extra resources to collect data by visiting some agencies that could not devote as much time as others for the joint evaluation. Its patience in coordination, ability to recognize when additional information may not be forthcoming from partner agencies,⁸⁰ and good sense in asking for work-in-progress even with the data limitations allowed the analysis to be done on time.

108. **Templates and Guidelines.** Since procedures and information available in each of the agencies could be different, templates provided for the information required were helpful. To minimize misunderstandings, partly filled dummy tables were provided instead of blank templates. In addition, interview guidelines and field information collection protocols were useful in collecting standardized information from different clients and countries.

⁷⁹ Timing became a problem particularly for ADB when meetings were held for a whole day in the GEF office in Washington, DC, which had a 12 hour-time difference with Manila.

⁸⁰ As in the submission of the agency cycle steps/procedures and standard time frames.

109. **Intra-Agency Coordination.** Although a select group of staff from each agency were involved in the joint evaluation work, conveying the objectives of the evaluation to other members of the agency is important, especially if they are requested to contribute information in the field. While the country visits and focus group meetings were arranged primarily by UNDP, other agency staff in country offices expressed surprise at why their respective head offices and/or evaluation offices had not informed them about their role in the evaluation. In recognition of intra-agency prioritization, interagency dynamics, and communication constraints, the relevant agency head offices should ask their country offices or regional representatives to provide information and participate in focus group discussions, instead of asking the country office of one particular agency to issue the necessary invitation. All GEF partners were constituted as a joint evaluation stakeholder group and were expected to provide inputs and information relative to their cycles and modalities, to present agency-relevant issues, and to participate in joint evaluation meetings and workshops. The country visits should have been coordinated with this stakeholder group as well.

110. **Website Usage.** A large volume of documents were shared or generated during the joint evaluation. The only way to access them quickly and efficiently was through electronic media. User-controlled access to a website on which emerging evaluation findings were posted allowed better file distribution and management and prevented the clogging of electronic mailboxes.

111. **Dissemination.** A clear strategy for dissemination of the evaluation report was not developed ahead of time, perhaps because the GEF Secretariat and the GEF Council were intended to be the main clients. However, the joint evaluation has important implications for future processing of GEF-cofinanced projects. Therefore, the joint evaluation team should develop a strategy to disseminate the findings to a wider audience.

C. Summary of the Joint Process Evaluation Recommendations

112. The objective of the joint process evaluation was to improve the effectiveness, efficiency, and cost-effectiveness of operations focusing on the programming and management of the GEF activity cycle. The preliminary evaluation findings and recommendations were first discussed with the core management group in May 2006 and the draft report was made available to stakeholders in September 2006. The revised report incorporating the comments is available on the GEF website⁸¹ and was presented to the GEF Council in December 2006. A summary of the conclusions and recommendations chapter of the joint evaluation are summarized here, and the full chapter is in Appendix 6. The key conclusions are presented in quotations, and the recommendations in bold type.

113. “The GEF activity cycle is not efficient and the situation is growing worse.”⁸² The GEF system has become more complex,⁸³ such that problems can no longer be solved by modest adjustments. GEF cycle management is lagging international good practice, while its operating context has been changing⁸⁴ since 1991. The full-sized projects approved during GEF-1 took an average of 36 months to move from PDF approval to project effectiveness. Preparation time

⁸¹ Available: http://www.gefweb.org/uploadedFiles/Publications-Joint_Eval-ed.pdf

⁸² GEF. 2006. *Evaluation of the GEF Activity Cycle and Modalities*. Washington, DC (Chapter 1, page 4).

⁸³ Involving a broader network of diverse stakeholders; additional cycle phases, steps, and requirements; growth in modalities; introduction of new focal areas and strategic priorities; and constant evolution of interpretations of key concepts.

⁸⁴ For instance, the institutional framework now applies more GEF operating principles, while increased cofinancing from other partners has made GEF a minor source of environmental funds (Chapter 1, page 10, para. 6).

increased to 50 months during GEF-2 and 66 months during GEF-3.⁸⁵ **Recommendation: Consider a radical redrawing of the cycle to simplify all aspects, improve transparency and predictability, and reduce transaction costs, based on the following guiding principles:**

- (i) consistency with the GEF instrument, which provides the fundamental intentions of GEF management;
- (ii) use of comparative advantages by the different partners in the GEF family as well as “certified” agency systems for operation and design, to allow the GEF Council and Secretariat to focus on strategy and policy, portfolio monitoring, and program results verification;
- (iii) consistency with the emerging resource allocation framework, especially its focus on results and country leadership;
- (iv) establishment of performance benchmarks using a system of checks and balances operating under full transparency and a clear definition of roles, which would accompany the devolution of responsibilities in the formulation, appraisal, and approval phases to agencies;
- (v) regular monitoring and clean-up of proposals to ease the flow of documents and lead to quicker decisions for well-designed projects; and
- (vi) consideration of programmatic approaches to the administrative workload.

114. GEF proposals presented for approval were increasingly from an earlier replenishment period. For example, GEF-4 funds would be used to approve 259 projects conceived earlier. The GEF is becoming less effective in approving proposals within the same replenishment period. While 56% of the GEF-1 proposals were approved within the GEF-1 period, 39% of GEF-2 proposals were approved in the GEF-2 period, and only 30% of the GEF-3 concepts were approved within the GEF-3 period. A total of 18% of full-sized project proposals have been canceled, dropped, or aborted;⁸⁶ only 46% of full-sized project proposals reach the approval stage.⁸⁷ Development effectiveness should be directly pursued by simplifying the framework and steps of the GEF activity cycle as these relate to the GEF Secretariat. This effort has already started with the introduction of the resource allocation framework, harmonization of the evaluation function, and development of a framework for portfolio monitoring. Indirectly, development effectiveness may be ensured by GEF support for the simplification efforts of partner agencies. **Recommendation: Expand GEF initiatives to the next level of results-based management through three main pillars:**

- (i) a comprehensive results-based management framework incorporating corporate, programmatic (or focal), and project monitoring and reporting of such issues as cost-effectiveness, flexibility, participation and ownership, resource mobilization, and progress toward outcomes;
- (ii) more systematic conduct and assessment of evaluations by the independent GEF Evaluation Office, with support from GEF partner evaluation units, covering such issues as sustainability, replication, actual cofinancing mobilized, and impact; and
- (iii) a new management information system consistent with established business practice, making full use of modern communication opportunities.

⁸⁵ Footnote 57, page 4, para. 5. GEF periods are defined by the fund's replenishment cycles: pilot (1991–1994), GEF-1 (1995–1998), GEF-2 (1999–2001), GEF-3 (2002–2005), and GEF-4 (2006–2010).

⁸⁶ Footnote 57, page 6.

⁸⁷ Footnote 57, page 5. The balance are still at the PDF-B stage or pending approval, either because sufficient time has not elapsed for approval or because the quality of the proposal does not yet meet GEF requirements. The corresponding figure for ADB for full-sized projects is 50%.

115. “The GEF activity cycle is not cost-effective.”⁸⁸ Analysis of existing data indicates that time spent on preparing/approving project proposals does not directly impact project performance ratings. Longer preparation time has not made the projects perform better. The front-loading of GEF design requirements in the cycle tends to be accompanied by repetition and efforts to fit these elements into the design in subsequent phases, when the proposal will need to be revised based on reality. The original vision of evaluating GEF eligibility of a proposal based solely on its alignment with priorities should be reinstated. **Recommendation: Confine the identification phase to establishing project eligibility and availability of resources, and concept endorsement by the recipient country.**

116. “Duplicate reviews and micromanagement by the GEF Council still appear to occur despite evident growth in agency and GEF Secretariat capacity.”⁸⁹ The GEF work program should move away from its current operating orientation to a systematic overview of financial resources, country resource allocation framework strategies, lessons from the portfolio, cofinancing plans, program outcome indicators, and similar information. **Recommendation: The work program presented to the GEF Council should have a strategic orientation.**

117. “Poor connections between the time-bound GEF decision points and agency cycles are a major cause of delays and inefficiencies.”⁹⁰ Full and transparent use of online electronic tools would allow the GEF chief executive officer to inform the council and other stakeholders of all proposals submitted for endorsement, thus encouraging real-time feedback. The GEF chief executive officer should be at liberty to submit a project to the GEF Council if the project seems to raise a sensitive or policy issue, while trying to ensure that policies are not driven by project proposals. **Recommendation: The GEF chief executive officer should endorse fully documented project proposals on a rolling basis, as envisaged in the GEF instrument.**

⁸⁸ Footnote 57, page 8, subheading 3.

⁸⁹ Footnote 57, page 6, para. 3.

⁹⁰ Footnote 57, page 5, para. 6.

GLOBAL ENVIRONMENT FACILITY

1. Global Environment Facility (GEF) funds are contributed by donor countries. The GEF assembly comprises 176 member country representatives who meet every 4 years to review GEF policies and operations, while the GEF Council (with 32 representative members) serves as the governing body. Three implementing agencies,¹ seven executing agencies,² and client governments prepare project proposals and manage the projects with the assistance of a scientific and technical advisory panel and nongovernment organizations. The GEF Secretariat coordinates implementation, while the GEF Evaluation Office reviews performance (Box A1).

Box A1: Global Environment Facility Community Members and Their Roles

The Recipient Countries. Appoint their operation focal points, identify concepts that meet national priorities, endorse requests for projects and project preparation grants, help estimate incremental cost, and organize country dialogue.

Global Environment Facility Council. Approves Global Environment Facility (GEF) policies, procedures, and work programs.

GEF Chief Executive Officer (CEO). Approves project development facility-B and -C grants, medium-sized projects, and enabling activities under expedited procedures; determines the content of the work programs submitted for council approval; endorses full-sized projects for final approval by internal board of implementing/executing agency; and leads the GEF Secretariat.

GEF Secretariat. Organizes council meetings; manages the project review process up to GEF CEO approval, including arranging bilateral review meetings with implementing and executing agencies; advises on GEF policy regarding proposals at the time of pipeline entry, work program inclusion, or GEF CEO approval, endorsement, and completion; chairs the GEF Operations Committee; maintains a project tracking system; organizes the annual program performance review; and facilitates partnerships with recipient countries and among agencies.

GEF Evaluation Office. Improves the accountability of GEF projects and programs; and promotes learning, feedback, and knowledge sharing.

Implementing Agencies—United Nations Development Programme, United Nations Environment Programme, and World Bank. Assist countries with concept identification; actively expand opportunities for executing agencies in GEF work; manage project preparation; approve project documents according to internal procedures; report progress quarterly and supervise; monitor and report on project implementation, including project implementation review.

Executing Agencies (under expanded opportunities). Tier 1: Asian Development Bank and Inter-American Development Bank; tier 2: African Development Bank and European Bank for Reconstruction and Development; tier 3: United Nations Industrial Development Organization, Food and Agriculture Organization, and International Fund for Agricultural Development. Assist countries in identifying concepts and managing the preparation of projects, and share implementation responsibilities with implementing agencies for selected projects.

Scientific and Technical Advisory Panel. Maintains a roster of experts who can provide expert reviews of the scientific and technical aspects of project proposals; selectively reviews projects from a scientific and technical point of view; and (through its chairperson) participates in project review.

Source: Global Environment Facility. 2003. *GEF Project Cycle: An Update*. GEF/C.22/Inf.9. Annex A: Players in the GEF Projects and their Roles. Washington, DC. Available: http://www.gefweb.org/Documents/Council_Documents/GEF_C22/Project_Cycle_Update_FINAL_Nov_5_2003.pdf

¹ United Nations Development Programme, United Nations Environment Programme, and World Bank.

² African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development, Food and Agriculture Organization, Inter-American Development Bank, International Fund for Agricultural Development, and United Nations Industrial Development Organization.

2. GEF funds were replenished in 1994 (GEF-1), 1998 (GEF-2), 2002 (GEF-3), and 2006 (GEF-4).³ GEF funds were initially available through the three implementing agencies (United Nations Development Programme, United Nations Environment Programme, and World Bank). In 1999, GEF approved expanded opportunities to GEF funds to seven executing agencies; but due to legal and institutional barriers, different levels of direct access were granted to executing agencies at different times after 2002. In this report, all 10 implementing and executing agencies are collectively known as agencies. Most of the GEF funds have been provided through projects. Generally, GEF requirements are superimposed on the standard project cycles of each of the agencies and the resulting cycle is known as the activity cycle.

3. The GEF operates in six focal areas: (i) biodiversity, (ii) climate change, (iii) international waters, (iv) ozone depletion, (v) land degradation, and (vi) persistent organic pollutants.

4. **Biodiversity.** GEF (i) finances the Convention on Biological Diversity based on guidance from the conference of parties through enabling activities, national biodiversity strategy and action plans, etc.; it accounts for half of GEF projects. (ii) Supports initiatives to catalyze the sustainability of biodiversity conservation in protected areas; mainstream biodiversity in production landscapes and sectors; builds capacity for the implementation of the Cartagena Protocol on Biodiversity; and generates and disseminates best practices for addressing biodiversity issues.

5. **Climate Change.** GEF contributes to the United Nations Framework Convention on Climate Change to minimize climate change damage, through (i) mitigation—reducing or avoiding greenhouse gas emissions by supporting renewable energy, energy efficiency, and sustainable transport; and (ii) adaptation—increases the resilience of vulnerable sectors and areas.

6. **International Waters.** GEF is associated with regional conventions involved with transboundary water systems, although it does not finance any specific convention; it supports projects that help countries (i) work together on key transboundary concerns (pollution, overextraction of resources, unsustainable exploitation of fisheries, protection of fisheries habitats, invasive species, and balancing competing uses of water resources); (ii) set priorities for joint action; and (iii) implement those actions if political commitment to sustainability is shown.

7. **Ozone Depletion.** GEF funds projects to phase out ozone-depleting substances consistent with the Montreal protocol on substances that deplete the ozone layer and its amendments.

8. **Land Degradation.** GEF (i) finances the United Nations Convention to Combat Desertification; and (ii) supports projects on sustainable agriculture, rangeland, and forest management that aim to improve the livelihood of local people and to preserve or restore the ecosystem health, and thus the flow of goods and services they provide.

9. **Persistent Organic Pollutants.** GEF finances the Stockholm Convention on Persistent Organic Pollutants.⁴

³ The GEF pilot phase was conducted from 1991 to 1994.

⁴ Highly stable compounds that are transported to regions far away from their original source, accumulating in organism tissues and leading to birth defects, cancers, and dysfunctional immune and reproductive systems.

10. GEF operating modalities are specific mechanisms via which GEF delivers assistance to its partner countries, often a variation of the project approach. Activities cofinanced by the Asian Development Bank and GEF basically refer to full- and medium-sized projects, project development facility (PDF)-Bs (para. 19), and programmatic approaches. GEF has the following 15 modalities.

11. **Programmatic Approach.** A project qualifies as using a programmatic approach if it is undertaken in partnership with in-country and international partners to provide phased and sustained support for implementation of a multiyear (medium- to long-term) program that integrates global environmental objectives into national strategies and plans.

12. **Full-Sized Projects.** These are the most common type of project receiving more than \$1 million of GEF funding. They go through each step of the GEF project cycle, are subject to all the project review criteria, and are approved by the GEF Council either during or between council meetings.

13. **Medium-Sized Projects.** Introduced in 1996, these are limited to a maximum of \$1 million in GEF funds, and are processed in an expedited manner. The GEF Council has delegated approval to the GEF chief executive officer, but the projects are still subject to the same review criteria and requirements of an operations program or short-term response measure.

14. **Enabling Activities.** These provide financing for the preparation of a plan, strategy, or program to fulfill commitments under a global environmental convention; and preparation of a national communication or report on a relevant convention.

15. **Short-Term Response Measures.** These projects maximize short-term cost-effectiveness by, for example, sequestering or abating the emissions of carbon dioxide that have the lowest unit incremental costs.

16. **National Capacity Self-Assessment.** It aims to identify country priorities and needs for capacity building to help catalyze action to address global environmental issues. Requests up to \$200,000 are reviewed and processed under expedited procedures, and approved by the GEF chief executive officer; requests over \$200,000 are processed for submission to the GEF Council as full-sized projects.

17. **Small Grants Program.** Managed by the United Nations Development Programme and executed by the United Nations Office for Project Services, this supports nongovernment organization and community initiatives that contribute to conserving global biodiversity, mitigating climate change, and protecting international waters. The maximum grant is \$50,000. Since 1999, the GEF small grants program has been operating under a programmatic approach with yearly work plans, specific deliverables and benchmarks, and annual rolling replenishment of funds. The small grants program is operating in 95 countries that had ratified the conventions on biodiversity and climate change.

18. **Project Preparation and Development Facility-A.** An implementing agency can selectively provide PDF-A financing not exceeding \$25,000 for national concept development work supporting a medium-sized project proposal. PDF-A requests must be endorsed by the GEF national operations focal point.

19. **Project Preparation and Development Facility-B.** The facility supports up to \$350,000 for projects in individual countries and up to \$700,000 for projects involving multiple countries. It is used (i) to provide information for the preparation of GEF full-sized project proposals, (ii) for in-country preparation of the project proposal, (iii) for national and/or sectoral preparatory work, and (iv) for small community-based activities to prepare for project implementation. The implementing agencies submit proposals to the GEF Secretariat on a rolling basis for GEF chief executive officer approval.

20. **Project Preparation and Development Facility-C.** This facility supports grants up to \$1 million to provide additional financing—where required for large projects—to complete technical design and feasibility work. For projects that (i) have been approved by the council, but require more technical work; (ii) are large scale, normally infrastructure projects requiring considerable technical design and engineering feasibility work; and (iii) where all preconditions of project preparation have been met, including national consultations, technical and engineering pre-feasibility work, and country commitment, the GEF chief executive officer approves the grants.

21. **Targeted Research.** This is defined as goal-oriented research that supports the GEF operating strategy by providing information, knowledge, and tools that improve the quality and the effectiveness of the development and implementation of GEF projects and programs. Implementing and executing agencies provide the GEF Secretariat with a list of targeted research proposals on a rolling basis, for concept clearance and concept agreement review and entry into the GEF pipeline.

22. **Adaptation Activities.** Support is provided through (i) the strategic priority: piloting an operating approach to adaptation to support initiatives that help pilot responses to adaptation needs that generate global benefits in all focal areas (\$50 million); (ii) the Least-Developed Country Fund to support development and implementation of national adaptation programs of action for least developed countries; (iii) the Special Climate Change Fund to address both adaptation and technology transfer; and (iv) with the entry-into-force of the Kyoto Protocol, GEF will receive 2% of the certified emission reductions authorized by the Clean Development Mechanism Board to support adaptation activities in developing countries. Initially, adaptation activities were funded through the initial national communications.

23. **Cross-Cutting Capacity Building.** Support for capacity building in GEF-4 will catalyze efforts on demand-led approaches, fostering a transparent evaluation culture geared to achievement of global environment benefits. A major emphasis will be to place capacity building as a cross-cutting initiative across GEF focal areas tagged to clearly identified indicators for tracking results and outcomes.

24. **Support to GEF Focal Points.** Approved in May 1999, this support is to finance services that help the GEF national focal points and council members in recipient countries carry out their roles and responsibilities more effectively, and to raise awareness of the goals and opportunities offered by GEF.

25. **GEF Country Dialogue Workshops.** Approved in 1998 to provide financing for up to 50 country dialogue workshops that will help build country coordination and capacity and promote awareness-building, the GEF National Consultative Dialogue Initiative was approved in 2003 to (i) promote in-depth understanding of GEF policies and procedures, (ii) strengthen country coordination and ownership, and (iii) achieve greater mainstreaming of GEF activities into national planning frameworks.

SUNDARBANS BIODIVERSITY CONSERVATION PROJECT IN BANGLADESH

A. Basic Data

Project Preparation/Institution Building

TA No.	TA Name	Type	Person-Months	Amount (\$'000)	Approval Date
2724	Biodiversity Conservation in the Sundarbans Reserved Forest (JSF)	PPTA		500	19 Dec 1996
3104	Study of Future Options for the Khulna Newsprint Mills ^a	ADTA	40	570	27 Nov 1998

Key Project Data (\$ million)	As per ADB Loan Documents	Actual As of 31 May 2007
Total Project Cost	82.20	14.23 ^b
Foreign Exchange Cost	27.70	
Local Currency Cost	54.50	
ADB Loan Amount/Utilization	37.00 ^c	11.42
ADB Loan Amount/Cancellation	—	25.00

Financing Plan (\$ million)

ADB	37.00	8.88 ^d
Government	16.10	
Global Environment Facility	12.20	4.64
Nordic Development Fund ^e	4.50	0.00
Government of the Netherlands ^e	3.50	0.71 ^d
Palli Karma-Sahayak Foundation	6.80	
Beneficiaries	3.70	
Nongovernment Organizations	1.90	

Key Dates

	Expected	Actual
Fact-Finding		23 Nov–12 Dec 1997
Follow-Up Fact-Finding		9–28 Feb 1998
Preappraisal		20 Jun–21 Jul 1998
Appraisal		6–20 Aug 1998
Loan Negotiations		1–3 Oct 1998
Board Approval		27 Nov 1998
Loan Agreement		20 Jan 1999
Loan Effectiveness	20 Apr 1999	6 Aug 1999
First Disbursement		28 Jun 2001
Loan Suspension		28 Aug 2003
Loan Cancellation		13 Jan 2005
Project Completion	30 Jun 2006	
Loan Closing	31 Dec 2006	
Months (effectiveness to completion)	86	

Internal Rates of Return (%)

Economic Internal Rates of Return	Appraisal 13.9
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Borrower: People's Republic of Bangladesh

Executing Agency: Forest Department within the Ministry of Environment and Forests

Mission Data

Missions	Loan/TA No.	Mission Field Dates	Mission Members
Loan Fact-Finding	Loan 1643	23 Nov 1997– 12 Jan 1998	Project economist, senior project implementation specialist/BRM, social development specialist, senior environment specialist, environment economist, project specialist, sustainable development specialist, staff consultant
Follow-Up Fact-Finding Mission	Loan 1643	9–28 Feb 1998	Senior project economist, project specialist, social development specialist, director/AWD, staff consultant
Pre-Appraisal	Loan 1643	20 Jun–4 Jul 1998	Senior project economist, senior environmental specialist, counsel, senior environmental specialist, social development specialist, 2 staff consultants
Appraisal	Loan 1643	6–20 Aug 1998	Senior project economist, financial analyst, senior programs officer, senior environment specialists, project economist/BRM, social development specialist
Forest Sector Review Mission	Loan 1643	14–25 Mar 1999	Project economist
Review Mission	Loan 1643	20–29 Apr 1999	Project economist
Special Loan Administration Mission	Loan 1643	28 Sep– 5 Oct 1999	Project economist, consulting services specialist
Loan Inception	Loan 1643, TA 3158, TA 3300	2–9 Jul 2000	Project economist, social development specialist, associate analyst, World Bank staff (GEF)
Review Mission	Loan 1643, TA 3158, TA 3300	18–30 Nov 2000	Project economist, social development specialist, staff consultant
Review Mission	Loan 1643, TA 3300	1–8 May 2001	Project economist, project implementation officer
Review Mission	Loan 1643, TA 3158, TA 3300	15–20 Jul 2001	Senior project specialist, assistant project analyst
Review Mission	Loan 1643, TA 3158, TA 3300	18–31 Oct 2001	Senior project specialist, social development specialist, staff consultant
Special Loan Administration	Loan 1643, TA 3158, TA 3300	2–4 Dec 2001	Senior project specialist
Midterm Review Mission	Loan 1643, TA 3158, TA 3300	2–21 Feb 2002	Senior project specialist
Review Mission	Loan 1643, TA 3158, TA 3300	5 Jun 2002	Project economist
Review Mission	Loan 1643, TA 3158, TA 3300	8–19 Aug 2002	Project economist, project analyst, economist/BRM, staff consultant
TA Inception	TA 3300, TA 3158	9–10 Oct 2002	Project economist
Specific Contact/ Consultation Mission	Loan 1643	30 Nov– 2 Dec 2002	Project economist, director/SAAE
Review Mission	Loan 1643, TA 3158, TA 3300	25 Feb– 6 Mar 2003	Project economist, development economist/BRM, project analyst, staff consultant
Review Mission	Loan 1643, TA 3158, TA 3300	6–8 July 2003	Project economist, staff consultant
Review Mission	Loan 1643	13–27 Oct 2003	Project implementation specialist, project implementation officer, assistant project analyst

Missions	Loan/TA No.	Mission Field Dates	Mission Members
Review Mission	Loan 1643, TA 3158, TA 3300	10–12 Feb 2004	Project economist, senior economist/BRM, director/SAAE, country director/BRM
Review Mission	Loan 1643, TA 3158, TA 3300	5–15 Oct 2004	Project economist, project analyst, staff consultant, director/SAAE, country director/BRM

ADB = Asian Development Bank; ADTA = advisory technical assistance; AWD = Agriculture and Social Sector Department West; BRM = Bangladesh Resident Mission; GEF = Global Environment Facility; PPTA = project preparatory technical assistance; SAAE = South Asia Agriculture, Environment, and Natural Resources Division; TA = technical assistance.

^a Attached advisory technical assistance to Loan 1634-BAN(SF).

^b Actual data for ADB, GEF, and Government of the Netherlands components only.

^c Following cofinancing arrangement between ADB and the Government of the Netherlands, the loan agreement was amended to reduce the loan amount from \$37 million (SDR26.98 million) to \$33.5 million (SDR24.57 million).

^d Actual government data not available until issue of unliquidated advances to the Project's imprest account is resolved. Liquidation process expected to be completed in 2007.

^e After loan signing, the Nordic Development Fund grant was replaced by a bilateral grant from the Government of the Netherlands (TA 3300-BAN), which was approved on 1 November 1998.

Source: Asian Development Bank databases.

B. Introduction

1. The Sundarbans Biodiversity Conservation Project was selected as one of the study projects for performance evaluation because it was the first Global Environment Facility (GEF) project approved by the Asian Development Bank (ADB). It was canceled after partial disbursements. Given the small number of GEF loans available for evaluation and the possibility of learning useful lessons from ADB's experience in biodiversity projects, the selection of this Project was appropriate. The project completion report is pending; the loan had not closed as of March 2007.¹ The Operations Evaluation Department (OED) Mission visited Bangladesh from 14 May to 25 May 2006 to work on all elements of the evaluation. The OED Mission reviewed relevant documents before and during the Mission, inspected the project sites, and discussed the experiences of the Government of Bangladesh and other stakeholders (key government agencies, development agencies, and beneficiaries) in Dhaka and Khulna regarding the design and implementation of the Project.² Many of the nongovernment organizations (NGOs) in Bangladesh are interested in the Bangladesh Sundarbans Project and appreciated meeting with the OED Mission. One of the NGOs visited (Nijera Kuri) was undertaking its evaluation of the Project based on field interviews with stakeholders and analysis of public documents.³

2. ADB approved the Project and advisory technical assistance (TA) project⁴ on 27 November 1998 with cofinancing from six parties. It was ADB's first GEF-cofinanced project,

¹ The loan has not been closed because of disputes between the Executing Agency and ADB about some expenditure items.

² The OED Mission comprised Mala Hettige (principal evaluation specialist and mission leader), Frank Radstake (environmental/natural resource management specialist), and Arif Faisal (researcher/focus group facilitator).

³ This NGO requested access to key ADB documents such as aide memoires, but ADB has not been able to share these without Government consent.

⁴ ADB. 1998. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the People's Republic of Bangladesh for the Sundarbans Biodiversity Conservation Project*. Manila (Loan 1643-BAN[SF]); ADB. 1998. *Technical Assistance to the People's Republic of Bangladesh for the Study of Future Options for the Khulna Newsprint Mills*. Manila (advisory TA 3104-BAN, for \$570,000), was approved to analyze the viability of the Khulna Newsprint Mills without subsidies, as well as options for downsizing or closure; ADB. 1998. *Technical Assistance to the People's Republic of Bangladesh for Sundarbans Biodiversity Conservation Project Surface Water Modeling*. Manila (advisory TA 3158-BAN) represented the \$12.2 million GEF grant. Another advisory TA (3300-BAN) was approved, representing ADB's administration of the formal grant from the Nordic Development Fund equivalent to \$3.5 million (reduced from the \$4.5 million indicated in Loan 1643 report and recommendation of the President). The grant was to be applied on a percentage basis across all components and would entail a corresponding cancellation of the ADB loan by the same amount.

and funding was obtained via the World Bank GEF access window. The loan was effective on 6 August 1999 and was expected to be closed by 31 December 2006. The overall objective of the Project was to develop a sustainable management and biodiversity conservation system for all biological resources found within the Sundarbans Reserved Forest (Sundarbans) and its surrounding marine and impact zones. The Sundarbans is the world's largest remaining contiguous mangrove area. A globally significant ecosystem, the Sundarbans features habitats for fish, shrimp, birds, and other wildlife, including the Bengal tiger. Some 17 subdistricts in southwest Bangladesh also rely on it for storm protection and subsistence. Meanwhile, the Sundarbans natural resources were increasingly being depleted by commercial wood processors, rural communities who live mainly in the 0–20 kilometer zone around the border (the impact zone), artisanal fisherfolk, fishing vessels from the Bay of Bengal, and other users. The Khulna Newsprint Mills complex, which used Gewa as raw material for newsprint manufacture, also added to pollution in the Sundarbans.

C. Preparation and Design

3. Actual project preparation at ADB started in December 1996 with the approval of the project preparatory TA Biodiversity Conservation in the Sundarbans Forests.⁵ The objective of the \$0.5 million project preparatory TA was to assist the Government in preparing a feasibility study for an investment project. The project preparatory TA final report was submitted on 15 November 1997. The quality of the concept outlined in this report was generally satisfactory, and this extended to the environmental analysis and estimation of the project cost.

4. The justification for the Project was the need to stop and reverse the deforestation trend in the Sundarbans. This reversal would require additional financial resources; a significant improvement in institutional capacity; and a changed management approach based on appropriate research, community participation, and scientific planning. The Forest Department of the Ministry of Environment and Forests (MOEF), responsible for management of the Sundarbans, also needed to change from a single-sector institution to one that is capable of managing a multidimensional resource. The institutional changes would require a long implementation, especially considering the limited interest shown by the Forest Department to adopt changes as proposed under the Project. The proposed institutional changes affecting the Forest Department were very ambitious and not well coordinated with other components.

5. Concerns about the weak performance of similar environment projects approved earlier for Bangladesh were raised during the June 1998 management review meeting⁶ and involved project complexity (inherent to a natural resources project), institutional weaknesses, and lack of government ownership. The Bangladesh Sundarbans Project was the fifth project to support the forest sector in Bangladesh and to work with the Forest Department. While previous ADB projects worked largely within the Forest Department's existing mandate and approach, this Project proposed significant changes to the Forest Department's authority over the Sundarbans. It aimed to introduce and strengthen capacity in multiple use, integrated resource management, and new participatory approaches to biodiversity conservation. Regarding complexity of project design, the difficulty of simplifying a biodiversity project was noted, given the diverse factors to be considered (tourism, protection, etc.), so the recommendation was to address these issues through policy dialogue. These were included in the project design without systematically building support from different levels of staff at the Forest Department. In addition, concerns involved the complexity of the Project, which tried to simultaneously address all the related issues within an integrated approach. In hindsight, a phased approach would have been more

⁵ Prior to the Project, the United Nations Development Programme prepared a study for the Sundarbans area and was expecting to follow through with another limited scale project.

⁶ Forestry Sector Project and the Coastal Greenbelt Project experienced delays in consultant recruitment, staffing problems, and interdepartmental disputes.

appropriate, where institutional changes for the Forest Department could have been addressed first and then participatory management buffer zone activities and multiple uses. Despite the concerns raised during project preparation, the original project design was followed because of (i) its relevance to mangrove conservation objectives both nationally and internationally, (ii) its support for biodiversity cooperation between Bangladesh and India,⁷ and (iii) the potential for ADB to access GEF grant funds for the first time.

6. During the staff review committee meeting, the Appraisal Mission outlined other innovative features of the Project: the first time that significant support for an ADB loan will come from a leading microcredit organization in Bangladesh (Palli Karma-Sahayak Foundation), the creation of government bodies tasked with national long-term oversight of the Sundarbans and stakeholder coordination, and the application of the service provider concept.⁸ Reviewers noted that the Forest Department's description in the report and recommendation of the President gave the impression that it had serious structural and organizational problems. They also reiterated concerns regarding the need for extensive coordination. The Mission explained that implementation arrangements were designed with clear work delegation and responsibilities in mind, and that this implementation framework was part of an evolutionary process taking place in the forest sector. The Mission was asked to simplify the institutional framework, demonstrate clearly the positive changes that have taken place under the evolutionary process, and strengthen the capacity of the Bangladesh Resident Mission.

7. During the approval stage, management noted that the report and recommendation of the President did not discuss corruption issues, although it was a prevailing issue in the country. The project team indicated that the creation of a senior stewardship commission, the participation of NGOs and local communities, and close monitoring by staff would enable greater surveillance of implementation. Concern was also noted about nominating the Forest Department as the executing agency. The concern was that while it conforms to the need of having one government entity ultimately responsible for implementation, more than half of the activities proposed were not related to forestry and may create problems with respect to prioritization and influence. Another concern involved the issue of income-generating activities, which could either stop deforestation or increase migration to the area. The advice was that, to obtain benefits from the Project, detailed implementation arrangements had to be made and close project supervision would be needed, requiring above-average staff time. A core working group within ADB was to be organized to develop an early warning system for key project milestones. While benefits from having strong partners (like the World Conservation Union, GEF, Nordic Development Fund,⁹ and the Palli Karma-Sahayak Foundation) were underscored, the recommendation was to take strong action and useful publicity and public awareness to deal with any difficulties.

D. Implementation

8. **Project Management.** Establishment of the project management structure was very slow, as entities that needed to be operating under the Project were either not yet in place or not functional because of inadequate staffing and budget and unclear lines of authority vis-à-vis other project institutions. The Forest Department claimed that ADB and MOEF imposed the original project design on it. The project design included institutional changes that would expand stakeholder influence on Sundarbans management outside of the traditional Forest Department authority. The Forest Department's dissatisfaction with these proposed changes became apparent during project preparation. However, the dissatisfaction was not confirmed by top

⁷ Assistance was provided through advisory TA 3784-IND: *Technical Assistance to India for Conservation and Livelihoods Improvement in the Indian Sundarbans*. Manila; and the TA was completed. It did not result in a loan.

⁸ Wherein the Forest Department does not try to take on responsibilities that other institutions are far better qualified and capable to do, like the Palli Karma-Sahayak Foundation being assigned the microcredit component and the Local Government Engineering Department for the social infrastructure component.

⁹ Support from the Nordic Development Fund was replaced by a grant from the Government of the Netherlands.

management of the department or MOEF during loan negotiations. Thus, ADB was optimistic that such institutional changes would be carried out during project implementation. After project approval, the Forest Department continued to resist the changes, leading to revisions of project components and targets 3.5 years into project implementation.

9. Some of the institutions proposed were eventually established, though they were not functioning effectively to guide the project activities. The Sundarbans Stewardship Commission was established to provide a long-term vision for the Sundarbans, and this was reconstituted on 24 October 2002 mainly to add the Forest Department and MOEF. The Sundarbans Management Unit was set up within the Forest Department in Khulna to decentralize decision-making authority, with overall responsibility for administration, implementation, monitoring, reporting, and coordination of activities in the Sundarbans. The implementation arrangements for the buffer zone strategy were based upon cooperation between the Sundarbans Management Unit, resource user communities, participating NGOs, and the Local Government Engineering Department, which was the agency responsible for developing social infrastructure in 17 subdistricts around the Sundarbans. The Palli Karma-Sahayak Foundation provided microcredit to support microenterprise development and sustainable resource use in the impact zone. The Palli Karma-Sahayak Foundation was allowed to select NGOs and provide credit according to its own criteria, effectively shutting out nonmembers of the Palli Karma-Sahayak Foundation. The NGOs excluded from credit access established themselves as a Sundarbans watch group and became very active critics of the Project. The Sundarbans Management Unit and similar subdistrict committees were supposed to have coordinated these activities. The Forest Department's lack of experience in working with stakeholders, including the NGOs and civil society, heightened the challenges in realizing these project objectives.

10. With GEF support, consultants were engaged to form the technical advisory group (TAG) to draft plans, prepare technical studies, and conduct training. The overall scheduling of the consultants was frontloaded and they were unable to provide support for the anticipated reforms when implementation was delayed. Moreover, the timing and duration of consultant inputs were said to be managed poorly by TAG.¹⁰ GEF funding was spread out over five of the six project components, and while this played an integrating role in the overall project, the arrangement for ADB to separately administer GEF funds and channel the money through TAG resulted in financial management and administrative problems.¹¹ The Forest Department rated TAG's performance quite favorably up until the midterm review in April 2002, but in the end it held ADB accountable for poor coordination of activities because ADB, rather than the Forest Department, was directly involved in selecting and appointing TAG consultants.¹² During the midterm review, the concern about TAG behaving independently from project management and allegedly failing to develop an effective working relationship was officially addressed. Moreover, financial management arrangements of the consulting firm did not meet the financial reporting standards required for ADB projects. After a performance evaluation carried out by the Forest Department, most of the consultants were replaced and the focus of the TA shifted from purely technical outputs to change management.

11. Given the lack of coordination among the various project activities, the quality of the outputs depended mainly on the institution or consultants implementing the particular component. For instance, the Local Government Engineering Department appointed a separate project director for its own social infrastructure activities and started construction soon after the

¹⁰ Consultants were not always fielded at the right time, and in some cases, their contracts expired before they had undertaken any substantial activities.

¹¹ Since this was the first GEF grant administered by ADB, the procedures for channeling funds were not properly established.

¹² In 2002 the firm was debarred from participating in ADB-financed activity for 3 years for issues unrelated to this Project; it was reinstated in 2005. The firm was also placed on an internal watchlist in 2004 due to marginal performance on a separate ADB contract awarded in 2001, which was signed subsequent to the start of the contract for the Bangladesh Sundarbans Project.

award, while the other (related) activities of the Project had not yet started. Most of these facilities were constructed in areas that the Local Government Engineering Department chose unilaterally,¹³ which did not directly benefit target beneficiaries (i.e., the users of Sundarbans). The Dhaka-based Institute of Water Modeling conducted an excellent study on sedimentation and water quality issues in the Sundarbans by collecting and analyzing salinity and water quality data to improve understanding of the complex water ecosystems. The findings, however, were never integrated into the overall management plan for the Sundarbans.

12. During implementation, ADB noted serious financial irregularities (e.g., anomalous account keeping, splitting of items to avoid competitive tenders, questionable expenses, awarding of work to nonresponsive bidders, etc.). ADB's Integrity Division investigated alleged fraudulent and corrupt practices brought to its attention, but did not find concrete evidence that would have allowed ADB to act on those allegations. In February 2002, at the time of the midterm review, ADB concluded that a number of project targets were not fully achieved, the financial management of the Project was inadequate, and performance of some crucial project staff was not satisfactory. The Government was requested to reformulate the Project, which comprised (i) reaching internal consensus within the Forest Department on a management strategy for the Sundarbans and on realistic objectives for the Bangladesh Sundarbans Project; (ii) preparing a corresponding revision of project components and targets; (iii) consulting with stakeholders to help with project revision; and (iv) gaining approval of the revised cost tables, project administration memorandum, and project proforma. During the following months, most of the project consultants were replaced, an agreement was reached on the new institutional setup of Sundarbans management (including the project director and international team leader), and financial procedures improvements were initiated.

13. The reformulation process agreed to by MOEF had a very tight time schedule of 3 months. As these changes were not progressing satisfactorily, ADB granted additional time. However, because of failure to comply with ADB's financial management guidelines, in addition to the serious implementation delays, ADB suspended the statement of expenditure in August 2002 and the loan account on 28 August 2003. On 4 September 2003, ADB informed the Government of the loan's suspension and three conditions that needed to be met before lifting the suspension (para. 16). Several ADB missions were sent to address these suspension issues within the next 14 months, but progress was very slow. In October 2004, ADB staff advised the Government of its conclusion that it had no basis for lifting the suspension. Cancellation of the loan and two associated TA projects (footnote 4), became effective on 13 January 2005 when the Government was formally advised of ADB Management's decision. More than \$13 million had already been disbursed to the Project at the time of loan cancellation. In January 2005, with the consent of the Government, ADB reallocated the unused loan amount of \$25 million to the Emergency Flood Damage Rehabilitation Project (with total ADB financing of \$180 million).¹⁴

14. **Outcomes.** The Project failed in its overall goal of securing the integrity of the environment and biodiversity in the Sundarbans. The Sundarbans Stewardship Commission met only three times, the second and third meetings (in December 2003 and April 2004) held as an attempt to resuscitate the Project after loan suspension. The Sundarbans Management Unit, tasked with managing project funds, was set up as a parallel structure with the project director having no direct access to the revenue budget and staff, thus with little possibility of exerting

¹³ The Local Government Engineering Department was alleged to have prioritized sites, given the availability of a contribution of 10% cash instead of relying on in-kind contribution of 10%. However, most of the poor who encroached on the forest could not afford this cash contribution. The Local Government Engineering Department did not coordinate with the Forest Department about the timing of the construction of infrastructure to ensure that other community-focused activities were done in parallel.

¹⁴ ADB. 2005. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan and Technical Assistance Grants to the People's Republic of Bangladesh for the Emergency Flood Damage Rehabilitation Project*. Manila.

authority over the Sundarbans. These were under the control of the conservator of forest in Khulna, who reported to the chief conservator of forest without going through the project director. As a consequence of the parallel structure, the project staff under the project director took actions that were only agreed to by the Forest Department and mainly focused on procurement activities.¹⁵ Moreover, the project director had limited control over the Local Government Engineering Department, Palli Karma-Sahayak Foundation, and TAG activities. While several good-quality technical studies were produced, these have not been properly applied or integrated into management plans. A workable project management structure was not established during project processing.

15. Visitor facilities and Forest Department protection infrastructure were improved, but this was not accompanied by operation and maintenance funding. Financial resources provided by the Government to the Forest Department are not sufficient to maintain the facilities and use the purchased equipment.¹⁶ Due to the lack of planning and coordination during project implementation, Palli Karma-Sahayak Foundation livelihood support and Local Government Engineering Department social infrastructure for communities in the impact zone did not target intended groups, thus failing to reinforce protection and conservation efforts even though the infrastructure contributed to the development of the impact zones. Moreover, the benefits that the Project provided to the communities are limited compared to those provided by organized groups interested in exploiting the Sundarbans. Table A2.1 presents the status of performance targets identified under the project purpose in the project framework.

Table A2.1: Summary of Performance Targets

Performance Target	Timing	Actual Output
2.1 Effective organization and management of SRF		
<ul style="list-style-type: none"> Sundarbans Management Unit (SMU), Sundarbans Stewardship Commission (SSC), Stakeholder Advisory Council (SAC) all set up Environmentally sound biodiversity conservation Sustainable Sundarbans Reserved Forest (SRF) management practices based on sector plans and integrated conservation management plan 	<ul style="list-style-type: none"> By 2001 In place by 2002 	<ul style="list-style-type: none"> Structure, lines of authority, and staffing SMU not well established. SSC and SAC members identified, but not operational and/or fully active No significant changes in biodiversity conservation practices introduced Individual studies/plans exist, but no integrated management plan was prepared
2.2 Reduce poverty, improve living standards, promote sustainable development in the impact zone, and promote ecotourism and environmental awareness		
<ul style="list-style-type: none"> Legally recognized organizations of SRF resource users that meet member's needs and enforce agreed user practices Improved life skills and creation of options in the impact zone Improved access to social infrastructure and services in the impact zone Average household income increased 30%; poverty reduced 30% in the impact zone by 2004 Tourist numbers expanded 50% 	<ul style="list-style-type: none"> By 2005 By 2004 By 2005 	<ul style="list-style-type: none"> No significant changes with previous practices of resource extractions Training started in selected locations; linkages with conservation not always clear Most smaller (Local Government Engineering Department) infrastructure constructed, but locations not always relevant; impact very limited No data available; unlikely that these targets have been or could have been achieved No data available; if the number of tourists has increased, it could not be attributed to the Project since most of it was not implemented

Source: Special evaluation study team.

16. **Suspension and Cancellation.** In an attempt to overcome the implementation constraints of the Project, to improve its design, and to respond to the view of the Forest Department that it did not drive the original design of the Project, in March 2003 MOEF and

¹⁵ After the midterm review, the new deputy director conservator of forest position for the project director was created in Dhaka, but the conservator of forest of Khulna became the deputy project director making the lines of authority still unclear. Therefore, the Sundarbans management wing that was established to solve the unclear lines of authority was still constrained.

¹⁶ For example, operating the patrol boats is very costly.

ADB agreed to revise the Project and build consensus and ownership. It was agreed that revisions to the Project could be accommodated as long as (i) all stakeholders participated in the revision process, (ii) the revised Project was consistent with the original project objectives, and (iii) the Forest Department demonstrated ownership and commitment to the revised project design. However, in September 2003, ADB approved the suspension of the loan and the two associated TA projects primarily because of the ongoing difficulties in implementation and inadequate financial management by the Forest Department. The suspension was to be lifted when three conditions were met: (i) MOEF and/or Forest Department must revise the project design according to a revision plan acceptable to ADB, using a participatory and consultative process; (ii) MOEF and/or Forest Department must reconcile the Project's accounts in compliance with ADB's financial management guidelines; and (iii) MOEF must take action to ensure compliance with crucial loan covenants of the Project (including the establishment of Sundarbans stakeholder and management bodies). In an effort to assist the Forest Department achieve the three conditions, ADB financed (i) one facilitator for 14 reformulation workshops to revise the design, and (ii) a team of accountants from an internationally accredited accounting firm to reconcile the project accounts and set up a transparent financial management system.

17. The Review Mission to verify progress on the suspension conditions was postponed until October 2004, allowing more time to make the changes. The Mission concluded that condition (i) was partly complied with,¹⁷ while conditions (ii) and (iii) were not complied with. Therefore, ADB recommended loan cancellation in October 2004, which took effect in January 2005. Almost 25% of the funding originally envisaged by ADB and about 50% of the funding expected from GEF had already been disbursed at the time of cancellation. Of the unused amount, \$25 million was canceled. The loan remains active due to unresolved issues regarding the statement of expenditure and some remaining funds are yet to be returned to the Government of the Netherlands. As a result, the project completion report is scheduled for 2007.

18. **Monitoring and Feedback.** The Project was supervised directly from ADB headquarters in Manila. ADB missions visiting the project sites for short periods were perceived to have had difficulty understanding and recognizing the full details of the local conditions. The Forest Department also believed that ADB missions, often composed of economists, lacked technical professionals with expertise in biodiversity management who could appreciate the Project's technical outputs.¹⁸ Project officers also changed frequently,¹⁹ leaving few opportunities to establish the institutional memory within ADB and to build a trusting relationship with stakeholders. The World Conservation Union, which was tasked to provide independent conservation monitoring, submitted its initial Sundarbans status report in February 2003, some 3.5 years after loan effectiveness owing to delays in contract negotiations. While the World Conservation Union conducted a biodiversity survey of the flora and fauna in the Sundarbans²⁰ in this initial report, subsequent monitoring reports from it (required by the Project on an annual basis) were not provided because of the loan suspension in September 2003.

19. **Indirect Impacts.** Despite the negative publicity about the Project, it resulted in some indirect positive impacts. Completed scientific studies and data collection have already attracted the interest of many organizations outside of the Project. The microcredit schemes financed by the Palli Karma-Sahayak Foundation have continued in most of the areas in the Sundarbans impact zone, as well as in areas where no NGOs were active prior to the Project. Although current

¹⁷ The OED Mission was informed that during the reformulation workshops, finally, consensus appeared to be building within various levels of staff in the Forest Department about participatory management.

¹⁸ Of the 19 missions carried out since project approval, six were joined by a staff consultant with natural resource management expertise.

¹⁹ During the 7 years and 2 months from approval to cancellation, five ADB project officers managed the Project.

²⁰ The World Conservation Union criticized that the baseline survey was not done as part of the feasibility study to develop useful indicators.

activities are not necessarily targeted at biodiversity conservation, the established NGOs have continued their work through other projects (e.g., World Bank-supported solar power project).

20. The cancellation of the Project has resulted in an increased awareness among the Government and other stakeholders about the need for a serious program to save the Sundarbans. The Project and other work in the sector have also brought awareness to the Forest Department that working with communities in the impact zone is necessary to prevent further damage to the Sundarbans. The Government, including the Forest Department, is now focusing on how to move forward with preservation of the Sundarbans. A new project has been approved with the Government funding (\$2.8 million) to support improved management of the Sundarbans, mainly through infrastructure.²¹ Similarly, the project watch group also acknowledges that developing new management systems and practices for the Sundarbans, which will include difficult institutional changes, takes time. This new awareness is conducive to building a consensus among all stakeholders regarding participatory management of the Sundarbans, and adapting a phased approach to the protection of this national and global heritage site.

E. Follow-Up Actions

21. Resolution of the disputed financial expenditures is urgently required so that project accounts can be closed and funds returned to GEF and the Government of the Netherlands. Work on the project completion report needs to commence as soon as possible to finalize the details and submit the terminal evaluation report due for all GEF projects.

Table A2.2: Project Covenants and Compliance

Covenants	Status (as of 31 Jan 2006)
I. Project Implementation	
A. Organizational Arrangements	
(a) Project Executing Agency	
1. The Forest Department (FD) will be the Executing Agency for the Project. FD will appoint a full-time chief executive officer (CEO) project director (PD). The terms of reference for the CEO PD shall include appropriate university level qualifications and extensive experience in the implementation of foreign-assisted projects. The CEO PD will have necessary delegated responsibility and authority to manage the personnel under the Project and project funds including recruitment of consultants and contract negotiations.	Partly applied. The authority for the TA contract remained with ADB.
(b) Sundarbans Management Unit	
2. Prior to the effective date, a Sundarbans management unit (SMU), headed by the CEO PD, shall be established within the FD for the purpose of project implementation, and shall be based at Khulna. The SMU will have the overall responsibility for administration, implementation, monitoring, reporting, and coordination of activities in the Sundarbans Reserved Forest (SRF) and the impact zone. The SMU will maintain close and effective links with the World Conservation Union responsible for independent conservation monitoring, the Sundarbans Stewardship Commission (SSC), the Stakeholder Advisory Council (SAC), Local Government Engineering Department (LGED), and other key institutions.	Partly complied with.

²¹ The main activities include the digging and dressing of the existing Khorma-Bhola-Aruaber rivers; strip planting of this area with nonmangrove species; purchase of new boats, cars, and motorcycles; development of ecotourism facilities; establishment of tortoise breeding and rearing centers; and improvement of the Forest Department infrastructure in Khulna and Bagerat.

Covenants	Status (as of 31 Jan 2006)
3. The Integrated Resource Management Policy/Program Committee will comprise the CEO PD, the head of the operational circle (paragraph 4), and the heads of the following four central divisions: (i) Liaison, Extension, and Education Division; (ii) Revenue Division; (iii) Administration, Finance, and Support Services Division; and (iv) Database Management, Monitoring, and Research Operations Division.	
4. Within SRF, field operations will be organized into a Sundarbans Operational Circle, having jurisdiction over the terrestrial forest and aquatic resources in SRF. The Sundarbans operational circle will be headed by a Conservator of Forests.	
5. The Sundarbans operational circle will be divided into four divisions:	
(i) East Sundarbans Division, with responsibility for the management of all wood and nonwood resources in East Sundarbans. It will be headed by a deputy conservator of forest, and have its own field staff of qualified and experienced range officers, forest rangers, foresters, and forest guards.	Established and operational.
(ii) West Sundarbans Division, with the same responsibilities than the East Sundarbans Division but within West Sundarbans instead of East Sundarbans. It will be headed by a deputy conservator of forests, and have its own field staff of qualified and experienced range officers, forest rangers, foresters, and forest guards.	Established and operational.
(iii) Aquatic Resources Division, responsible for all operations of aquatic resources management. This will include development and enforcement of aquatic and fisheries regulations, based on sustainable resource utilization criteria, survey data, and analysis undertaken by the Project. The circle will be headed by a deputy conservator of forests (fisheries). The division will have its own field staff of qualified and experienced aquatic resources forest rangers, aquatic resources inspectors, and guards, supported by the necessary field staff.	Established and operational.
(iv) Wildlife Conservation and Tourism Promotion Division, comprising a Wildlife Conservation and Management Subdivision, and a Tourism Promotion Subdivision. It will be headed by a deputy conservator of forests trained in wildlife conservation and management.	Established and operational.
(c) Local Government Engineering Department	
6. LGED, through its PD, will be responsible for the overall planning, supervision, implementation and monitoring of social infrastructure development program, such as village water supplies and sanitation, in the impact zone.	Applied.
(d) Nongovernment Organizations	
7. The nongovernment organizations (NGOs) to be selected for Part C of the Project shall be selected according to the procedure and criteria agreed upon with the Bank under the FSP. However for those NGOs utilizing microfinance for income generating activities, Palli Karma-Sahayak Foundation (PKSF) shall select NGOs as partner organizations, according to its established criteria for microfinance.	Applied.
8. Participating NGOs will be fully familiarized with the project approach at a start-up workshop to be organized by the Association of Development Agencies in Bangladesh Khulna Chapter, with the participation of local and national NGOs.	Partly applied.
(e) Palli Karma-Sahayak Foundation	
9. The Borrower shall cause PKSF to confirm to the Bank its agreement to lend an amount equivalent to \$6,800,000 to participating partner organizations from its own resources at an interest rate of not more than 6.8% per annum. Participating partner organizations will pass on the proceeds of the loan from PKSF for sustainable socioeconomic development activities and microenterprises at the prevailing market rate.	Complied with.

Covenants	Status (as of 31 Jan 2006)
B. Project Coordination	
(a) Project Steering Committee	
<p>10. Within 3 months of the effective date, the Borrower shall establish the project steering committee for coordination of the Project at a national level. The project steering committee shall be chaired by the Secretary, Ministry of Environment and Forests (MOEF). The project steering committee shall comprise representatives from the Borrower's LGED, Planning Commission, Ministry of Tourism, Implementation Monitoring and Evaluation Division, Economic Relations Division, Finance Division, Ministry of Industry, NGO Bureau, FD, LGED, ADAB, and PKSF. The Bank and other cofinanciers shall also be represented on the project steering committee as observers. The project steering committee shall meet at least once every 6 months to discuss progress of project implementation and resolve conflicts, if any.</p>	Only partly implemented.
(b) Project Coordination Committee	
<p>11. A project coordination committee (PCC) will be organized to provide technical and management guidance to the Project. The PCC will be headed by the CEO PD; the members of the PCC will include senior officials from FD, PKSF, participating NGOs, and LGED. The PCC will meet at least quarterly.</p>	Only partly implemented.
(c) Thana Coordination Committees	
<p>12. At the thana level, coordination will be provided by the Thana Coordination Committee chaired by the Thana Nirbahi Officer, with representatives from NGOs, and local concerned government agencies such as the LGED and FD. This committee will meet on a monthly basis and will coordinate the implementation of project activities, review problems that may arise, and report to the PCC at Khulna.</p>	Partly complied with.
C. Public Participation and Control over the Sundarbans Reserved Forest	
(a) Sundarbans Stewardship Commission	
<p>13. Prior to the effective date, the SSC will be established. The SSC will be responsible for addressing the long-term policy issues and providing public oversight for the long-term conservation of the SRF. For this purpose, the SSC shall provide guidance to the SMU as and when necessary. The SSC will comprise not more than 18 members chosen for their knowledge of and/or interest in the future of SRF but without direct, vested interests and will be headed by the Minister of Environment and Forests. There will be three permanent members including the Minister of Environment and Forests, the chairman of ADAB and a retired Judge of the Supreme Court of Bangladesh, nominated by the Chief Justice. Of the remaining members of the SSC, three members will be appointed by the MOEF, consisting of highly respected and eminent citizens (two males and one female). Nine members will be nominated respectively by (i) parliamentary standing committee on the environment; (ii) member of parliament from the Sundarbans, nominated by the Speaker; (iii) Bangladesh Chamber of Commerce and Industry; (iv) Bangladesh Environmental Lawyers Association; (v) Bangladesh Environmental Journalists Association; (vi) consortium of environmental NGOs; (vii) Dhaka University; (viii) Khulna University; and (ix) SAC. Representatives of three other civil institutions may be added to the SSC with the prior approval of the Bank.</p>	Partly complied with.
<p>14. Members will receive a suitable honorarium and their expenses will be covered initially by the Project, for each day they undertake on behalf of the SRF. The term of office of each member shall be 3 years non-renewable.</p>	No information available.

Covenants	Status (as of 31 Jan 2006)
<p>15. The SSC will be served by a small secretariat, provided by the MOEF, which will prepare studies and policy briefs for SSC consideration and endorsement to the government of the Borrower. The SSC will also receive regular independent conservation monitoring reports from the World Conservation Union. The SSC will be established through an executive order.</p>	
<p>(b) Stakeholder Advisory Council</p> <p>16. Representatives of the various local user groups will form an SAC that will work with the SMU. The SAC shall liaise with SMU through the Liaison, Extension, and Education Division of SMU. The SAC shall include members from groups representing fisherfolk, woodcutters, honey collectors, tourist operators, FD staff, timber merchant, shrimp aquaculturalists, local residents, and women's groups.</p>	Partly complied with.
<p>D. Implementation Schedule</p>	
<p>17. The Project will be implemented over a period of 7 years. Consultant recruitment for the TAG will be undertaken during the first year, as will training of FD, LGED, PKSF and other staff, NGO selection, and the commencement of participatory processes. By the end of year four, a comprehensive midterm review of the Project will be carried out as further specified in paragraph 26 hereunder.</p>	
<p>E. Community Organization and Group Development Activities</p>	
<p>18. Baseline socioeconomic surveys of the 17 thanas will be carried out by NGOs and appropriate local research institutions such as University of Khulna. This will be followed by community meetings by NGO staff to explain the project approach and objectives, and group formation, including women's groups, and informal resource user/extractor groups: In addition, formation of local community organizations (LCO), such as women's groups, village development groups, will also be undertaken by NGOs.</p>	Partly complied with.
<p>19. NGOs, PKSF, SMU will ensure development of microenterprise activities, and credit to group members (including both resource user/extractor groups and LCOs), along with parallel savings activities. SMU shall enter into formal agreements with the resource user/extractor groups, using the model agreements proposed pursuant to FSP as guidelines. LCOs will be registered under appropriate legislation to enable them to receive funds and carry out works agreed upon by the communities for village infrastructure development and maintenance. Resource user/extractor groups shall be federated into national organizations.</p>	Complied with.
<p>20. Training will be provided to:</p> <p>(i) resource user/extractor group members in the project objectives, the objectives for group formation (such as SRF protection, maintenance, and alternative livelihood development), community groups (e.g., improving their access to social services, and infrastructure), and in community participation for planning, implementation, and management of infrastructure and services. NGOs will be responsible for training, as well as organizing technical training by LGED;</p> <p>(ii) resource user/extractor groups in sustainable extraction techniques, management practices, rules and regulations to be formed by the SMU for sustainable resource management (conditions for licensing, levels of extraction, permissible equipment), self-regulation, and management of activities. The training will be by SMU, and NGOs; and</p>	Training provided, but difficult to monitor and evaluate.

Covenants	Status (as of 31 Jan 2006)
(iii) all groups and LCOs in microcredit management and microenterprise development. This training will be by NGOs, PKSF, SMU, and other technical agencies. Environmental awareness education among the communities will be provided by NGOs working closely with the SMU.	
21. Monitoring of group development, microcredit management, microenterprise development, poverty reduction, women in development and gender and development, levels of social development, resource extraction norms and social enforcement will be done by local research institutions. Social surveys will be conducted annually by local institutions and NGOs.	Not complied with.
F. Technical Advisory Group	
22. Consultants will be engaged to create a technical advisory group (TAG). The TAG will (i) establish baseline information and criteria for sustainable practices, draft sector plans and integrated conservation and management plans, and assist in developing a self-sustaining management system, including the development of market-based instruments for access to SRF resources; (ii) assist the FD to retrain staff and help focus its activities to more effectively conserve the SRF, and to serve the needs of its primary stakeholders; and (iii) train resource users and community representatives to engage in ecotourism-related activities. Specific training and support will also be included for FD, LGED, and NGO staff with respect to organization of resource users into groups, women in development issues, and specific conservation issues. The TAG will provide intensive in-country training for project personnel.	Partly complied with.
II. Monitoring, Studies, and Evaluation	
A. Organizations	
23. Monitoring and evaluation of the Project will be carried out by (i) the Bank, FD, and LGED in accordance with the Bank's Benefit Monitoring and Evaluation Handbook; (ii) PKSF in accordance with its recording and evaluation systems already in place; and (iii) the World Conservation Union will submit an independent annual report on the status of the conservation and management of the SRF and its biodiversity.	Project monitoring implemented, but only one status report on the SRF prepared.
B. Studies	
24. Studies and analysis by the TAG, other consultants, and contracted agencies in Bangladesh will include, among others, (i) forestry research into Sundri top-dying disease to assist in understanding and possibly counteracting the widespread natural degeneration, as well as research into mangrove regeneration, habitat adaptability and regeneration of Goran, Golpatta, and Gewa; (ii) aquatic resource assessments and analysis of existing exploitation levels, and better understanding of the habitats of endangered species, as inputs for developing fisheries plans; (iii) wildlife-related studies of tiger ecology, marine turtles, otters, etc., as inputs for wildlife planning; (iv) development of a remote sensing system for monitoring ecological changes; (v) ecotourism-related studies of visitors; and (vi) surface water modeling regarding aspects of water changes, salinity, and pollution.	Partly implemented.
C. Inspection and Certification Service	
25. Independent inspection and certification of SRF resources use shall be undertaken through the system designed under Part E of the Project.	Not complied with.

Covenants	Status (as of 31 Jan 2006)
<p>26. Annual monitoring reviews will be jointly carried out by FD, LGED, the Bank, and cofinanciers. A comprehensive midterm review will be carried out in the fourth year of implementation. The purpose of the review will be to evaluate the actual progress of the Project; implementation procedures; procurement methodology; benefit monitoring and evaluation activities; management and coordination functions, and related activities of PKSF and the implementing NGOs; the performance of the consultants; and related matters. The Implementation, Monitoring, and Evaluation Division of the Ministry of Planning will participate in the midterm review. Following the review, corrective measures as appropriate will be introduced to remedy any identified weaknesses.</p>	Partly complied with.
III. Legal and Institutional Reform	
<p>27. A restructuring and staff redeployment plan for the FD, as agreed by the Bank and the Borrower, shall have been implemented by 31 March 1999.</p>	Not complied with.
<p>28. The amendments to the Forest Act (1927), as agreed with the Bank, shall be introduced in Jatiya Sangsad (National Parliament) within 6 months of the effective date.</p>	Complied with.
IV. Environmental Measures	
<p>29. Starting from the effective date, the maximum annual allowable harvest of SRF resources shall be within the following sustainable levels as estimated by FRMP: (i) Sundri: 43,000 cubic meters (m³), (ii) Gewa: 53,000 m³. These levels shall be verified, and if necessary, shall be adjusted by the TAG. For all other natural resources, including forest products, non-forest products and aquatic resources, the sustainable annual extraction levels shall be determined by the TAG.</p>	Partly complied with.
<p>30. The Borrower shall ensure that the Khulna Newsprint Mills (KNM) is managed and operated in such a way that the use of SRF resources by KNM is within the sustainable limits specified in paragraph 29 above.</p>	Applied through the closure of the KNM.
<p>31. MOEF and the Ministry of Industry of the Borrower shall agree, within 6 months of the effective date, on a 4-year plan to phase out completely the use of Gewa by KNM.</p>	Applied through the closure of the KNM.
<p>32. The licensing for use of SRF resources shall be limited to the annual sustainable levels referred to in paragraph 29 above. The fees for the use of such resources shall be set on the basis of market determined rates, including for KNM and for tourism.</p>	
<p>33. The plans for forestry, aquatic resources, wildlife, tourism, and integrated conservation management to be prepared with the assistance of TAG shall be reviewed by the Borrower in consultation with the Bank. The final plans, as agreed between the Borrower and the Bank, shall be implemented by the Borrower.</p>	Not complied with.
<p>34. The technical assistance defined as KNM TA in the recital of this Loan Agreement shall be completed within the first year of the Project.</p>	Not applicable.

Source: Special evaluation study team.

Table A2.3: Matrix of Project Components and Outputs

Component	Subcomponents	Expected Outputs and Outcomes	Actual Outputs and Outcomes at Cancellation
A. Effective Organization of the Sundarbans Reserved Forest (SRF)	Set up <ul style="list-style-type: none"> • Sundarbans Management Unit (SMU) • Sundarbans Stewardship Commission (SSC) • Stakeholder Advisory Council (SAC) all set up 	SMU set up by December 1998. Fully functional for forestry, fisheries, wildlife conservation operations by 2003. SSC established on broad-based principles incorporating civil society's participation by March 1999. SAC set up by June 1999 and representing views of stakeholders in effective manner.	Project head office established in Dhaka with the deputy chief conservator of forest as project director and conservator of forest Khulna as deputy project director. Sundarbans Management Wing not incorporated in the Forest Department's organogram with clear line of authority. Four divisions and three units created and operating. SSC formed and three meetings held by April 2004. First meeting of SAC was held on 17 March in Khulna. SMW placed on agenda for discussion at the third SSC meeting.
B. Biodiversity Conservation and Sustainable Resource Management	<ul style="list-style-type: none"> • Forest resources • Aquatic resources • Wildlife resources • Integrated resource management plan 	Forest management plan by 2001. 5,000 hectares (ha). Enrichment planting, 10,000 ha assisted natural regeneration, 2,000 ha Golpatta planting, 800 ha silviculture trials; 35 permanent sampling plots—all in SRF by 2006. Mangrove arboretum, 2 range offices, 20 temporary camps, 7 jetties, 9 pontoons, training established. Fisheries/aquatic resources management plan and introduction of fisheries management in SRF by 2001. Wildlife management plan prepared (2001), especially for 3 sanctuaries. Integrated plan prepared and operating by 2002.	Timber stand improvement performed through enrichment planting, assisted natural regeneration, and Golpatta plantation. Less than 50% of target achieved. No further assisted natural regeneration justified without detailed study. 70% stock assessment done under technical advisory group (TAG) guidance. Draft fisheries management plan prepared. Materials for mass awareness developed. Ban of fishing in the breeding and rearing ground at 18 canals and shrimp fry collection from SRF. Baseline survey of tiger and deer, crocodile breeding center, plot study for three sanctuaries, vegetation study, and wildlife management plan with TAG.
C. Socioeconomic Development of the Impact Zone	<ul style="list-style-type: none"> • Participate in SRF related planning and implementation • Regulate own extraction practices and stop unsustainable practices • Gain access to new sources of microcredit services from the Palli Karma-Sahayak Foundation (PKSF) • Alternative income generating activities for livelihood security • Social infrastructure • Social forestry 	Mobilization and organization of 170,000 households and resource users into viable local community organizations by 2005. \$6.8 million for microcredit by 2005 for alternative income sources and sustainable SRF resource use. Social infrastructure constructed comprising village water supplies, sanitation, schools, rural roads, etc. in 17 thanas. Improved environmental awareness and education about SRF in schools in 17 thanas, plus nonformal education and adult literacy programs.	24 nongovernment organizations (NGOs) contracted to identify and organize resource users. Boat license certificate redistribution study effective. Human resource development done by local NGOs with the Liaison Education Extension Unit of the Bangladesh Sundarbans Project. The Project set up 670 rainwater collectors, 41 pond sand filters, and 24 deep well tubes were set up in the impact zone; and constructed 10 km of village roads, 24 culverts, and 12 boat landing stations. The Local Government Engineering Department (LGED) constructed 16 primary schools in the impact

Component	Subcomponents	Expected Outputs and Outcomes	Actual Outputs and Outcomes at Cancellation
			zone. Strip and block plantation in the coastal embankment, roads, and marginal land. PKSF funds to divert to alternative livelihoods.
D. Ecotourism and Environmental Awareness	<ul style="list-style-type: none"> • Training and material support to local communities • Public information and education center • Construct and upgrade basic public infrastructure • National and local environmental awareness campaign • Website for exchanging information on SRF and opportunities for ecotourism 	<p>Modern tourism strategy and plan developed, and training program implemented.</p> <p>Public infrastructure built and policy framework to support private sector plans and development.</p> <p>NGO/local community organization participation in training/development.</p> <p>Environmental information and education center operational in Khulna.</p> <p>National and local environmental awareness campaigns.</p>	<p>Visitor information center built at office of Khulna conservator of forest.</p> <p>Karamjal visitor information center built. Upgrading of basic infrastructure, jetties, watchtowers, small huts, and public awareness material developed.</p> <p>Mangrove arboretum center at Chandpai range and suspended wooden bridge and watch tower constructed at Herbaria tourist spot.</p> <p>An interactive website was developed.</p>
E. TAG, Monitoring, and Research Studies	<ul style="list-style-type: none"> • TAG • The World Conservation Union (IUCN) develops tools for conservation monitoring • Certification and inspection system designed • Research studies (top dying, wildlife, and ecotourism planning) • Fellowship program for higher study 	<p>TAG team established and supporting conservation planning, plan implementation, training.</p> <p>IUCN developed biodiversity-monitoring tools for the SRF.</p> <p>Other studies contracted.</p> <p>Seven candidates proposed and nominated by the Ministry of Environment and Forests (MOEF) for international training.</p> <p>Inspection and certification system designed.</p>	<p>70% of 400 person-months consumed and number of training programs provided.</p> <p>IUCN has developed indicator list for monitoring ecosystem health of the SRF. Built capacity of 55 Forest Department officials for biodiversity monitoring.</p> <p>Completed biodiversity survey (on undergrowth, regeneration, orchid, fern and lichen, mollusk, bird, dolphin, invasive species, butterfly and dragonfly, etc.).</p> <p>Recorded seven new species from the SRF.</p> <p>The Institute of Water Modelling undertook salinity study and submitted final report.</p> <p>Study of the top dying of Sundri and its management was completed by Khulna University.</p> <p>Five assistant conservators of forest sent abroad to complete 1 year master of science under fellowship program.</p>
F. Khulna Newsprint Mills (KNM) Effluent Treatment	<ul style="list-style-type: none"> • Effluent treatment and sludge handling • Identification of alternative raw materials 	<p>KNM effluent treatment system installed and operating well.</p> <p>Technical assistance (TA) will include organization/management structure, commercialization and privatization options, environmental management, and social mitigation measures in the event of KNM's closure.</p>	Component cancelled.
G. Management Information System (MIS)	<ul style="list-style-type: none"> • Species database • Socioeconomic database • Continuous forest 	<p>Species database for major flora species and nontimber forest products will be available.</p> <p>Socioeconomic data of impact zone will be available.</p>	Database developed for species, impact zone socioeconomic data, forestry inventory using permanent and temporary sample plots; boat license certificate.

Component	Subcomponents	Expected Outputs and Outcomes	Actual Outputs and Outcomes at Cancellation
	inventory using permanent and temporary sample plots <ul style="list-style-type: none"> • Wildlife observation database • Establishment of geographic information system (GIS) map 	GIS map on vegetation, salinity, inundation status, soil map, and wildlife habitat will be available.	Production of new field and boundary maps, GIS database in Khulna. MIS unit also provided assistance to other organization.
H. Revenue Management Unit	<ul style="list-style-type: none"> • Database for revenue earned from the SRF • Updating revenue form • Inspection of irregularities in revenue collection 	Database for revenue earned from major and minor forest products of the SRF will be available. Updated and revised version of revenue will be in place. Inspection of irregularities in revenue collection is documented and new methods proposed.	Preparation of a database for revenue, market chain analyzed, boat license certificate marketed, new revenue system proposed, and irregularities with revenue collection identified.
I. Financial Management	<ul style="list-style-type: none"> • Comply with ADB financial management guidelines • Project proforma 	A sound financial management guidelines developed and in place.	Recruitment process for a chief accounts office completed, awaiting formal appointment subject to withdrawal of cancellation.

Source: Special evaluation study team.

F. Photographs from the Sundarbans Biodiversity Conservation Project in Bangladesh

Photo A2.1: Visitor Center in the Forest Department Office in Khulna Supported by the Bangladesh Sundarbans Project



Photo A2.2: Forest Department Office in Mongla Built through the Bangladesh Sundarbans Project



Photo A2.3: Unused Offices of the Technical Advisory Group Consultants in Khulna



Photo A2.4: Vehicles Acquired under the Bangladesh Sundarbans Project



Photo A2.5: Large Sea Vessel in Mongla Going through the Sundarbans to the Bay of Bengal



Photo A2.6: Fishing Village on the Buffer Zone of the Sundarbans (Rampai District)



Photo A2.7: Forest Department Range Office in Chandpai Constructed through the Bangladesh Sundarbans Project



Photo A2.8: Sundarbans Reserved Forest Arrival Landing and Tourist Boats in Karamjal Supported by the Bangladesh Sundarbans Project



Photo A2.9: Observation Deck for Spotted Deer in the Sundarbans Reserved Forest (Karamjal)



Photo A2.10: Deer and Crocodile Nursery in Karamjal Supported by the Bangladesh Sundarbans Project



Photo A2.11: Six Hundred-Meter Boardwalk in Karamjal Supported by the Bangladesh Sundarbans Project

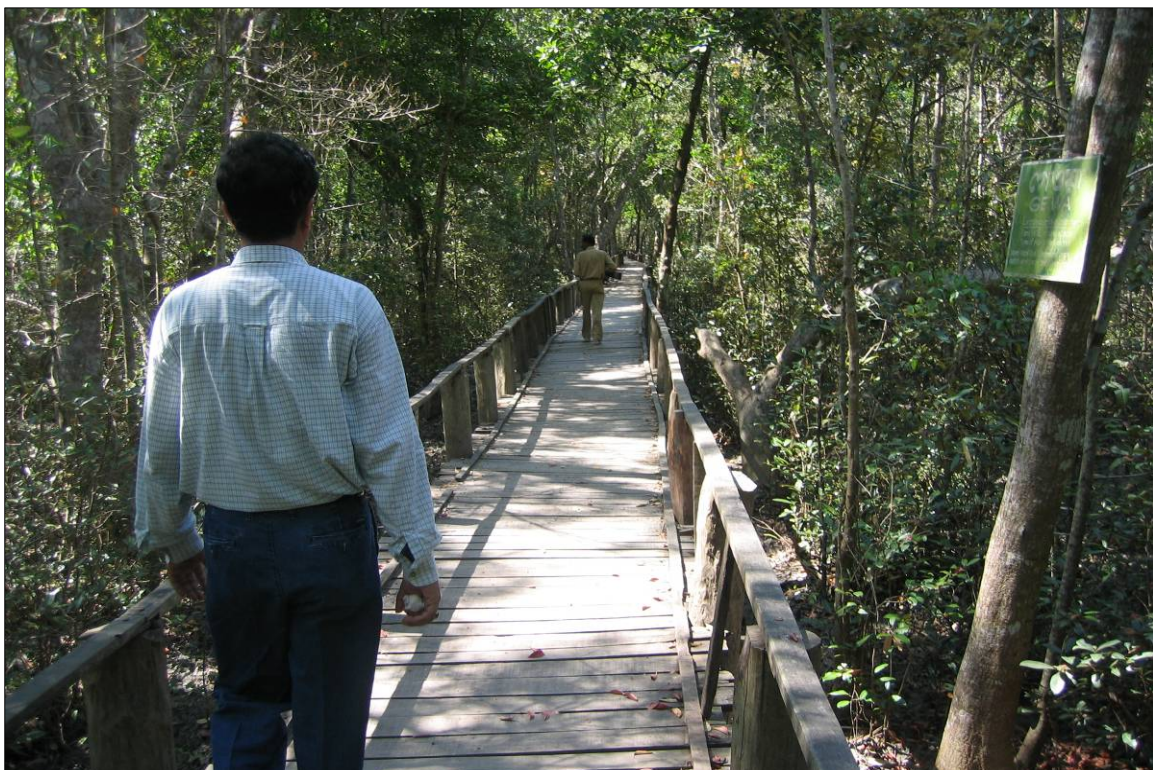


Photo A2.12: Freshwater Pond (with brown algae) at Andermanik Patrol Post Supported by the Bangladesh Sundarbans Project



Photo A2.13: Typical Low Tide Canals in the Sundarbans Reserved Forest



Photo A2.14: Typical High Tide Canals in the Sundarbans Reserved Forest



Photo A2.15: Fisherman in the Sundarbans



Photo A2.16: Old and New Patrol Post Harbaria Supported by the Bangladesh Sundarbans Project



Photo A2.17: Top-Dying Sundri Trees Opposite Harbaria Patrol Post



**PROTECTED AREA MANAGEMENT AND WILDLIFE CONSERVATION PROJECT
IN SRI LANKA**

A. Basic Data

Project Preparation/Institution Building

TA No.	TA Name	Type	Amount (\$'000)	Approval Date
2942	Biodiversity Conservation Project	PPTA	800	12 Dec 1997
3273	Protected Area Management and Wildlife Conservation Project	PPTA	330	13 Oct 1999

Key Project Data (\$ million)	As per ADB Loan Documents	Actual (as of 31 May 2007)
	Total Project Cost	33.5
Foreign Exchange Cost	15.6	
Local Currency Cost	17.9	
ADB Loan Amount/Utilization	12.0	13.38
ADB Loan Amount/Cancellation		0.00

Financing Plan (\$ million)

ADB	12.0	8.43
Global Environment Facility	10.2	4.60
Government of the Netherlands	4.0	2.07
Government of Sri Lanka	7.6	
Beneficiaries	0.9	

Key Dates

	Expected	Actual
Fact-Finding		22 Mar–9 Apr 1999
Appraisal		17 Apr–2 May 2000
Loan Negotiations		28–30 Jun 2000
Board Approval		19 Oct 2000
Loan Agreement		6 Dec 2000
Loan Effectiveness	6 Mar 2001	17 Sep 2001
First Disbursement		
Project Completion	31 Dec 2006	
Loan Closing	30 Jun 2007	
Months (effectiveness to completion)	70	

Internal Rate of Return (%)

Economic Internal Rate of Return	Appraisal 18
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Borrower: Democratic Socialist Republic of Sri Lanka

Executing Agency: Department of Wildlife Conservation (components A, B, and D) and Biodiversity Secretariat (component C)

Mission Data

Missions	Loan/TA No.	Mission Field Dates	Mission Members
Inception	TA 2942	5–8 May 1998	Senior livestock specialist
Review	TA 2942	27 Jun–3 Jul 1998	Senior livestock specialist
Review	TA 2942	21–22 Sep 1998	Senior livestock specialist, project specialist
Review	TA 2942	14–18 Dec 1998	Project specialist, economist (environment), senior economist
Review	TA 2942	18–12 Jan 1999	Project specialist
TA Inception	TA 3273	23–27 Nov 1999	Senior project economist
Review	TA 3273	8–10 Feb 2000	Senior project economist
Fact-Finding	Loan 1767	22 Mar–9 Apr 1999	
Preappraisal	Loan 1767	2–13 Aug 1999	Joint World Bank/ADB Mission ADB: senior project economist, consultant, policy coordinator

Missions	Loan/TA No.	Mission Field Dates	Mission Members
Appraisal	Loan 1767	17 Apr–2 May 2000	Senior sector specialist; senior engineer/World Bank-SRI, senior programs officer; senior counsel, senior environment specialist; social development specialist; project implementation specialist/SLRM; and consultant/Government of the Netherlands
Review	Loan 1767	14–18 May 2001	Project analyst/SLRM
Loan Inception	Loan 1767	18–27 Mar 2002	Project implementation officer/SLRM, senior environmental engineer/World Bank-SRI, associate project analyst/project analyst/SLRM, country director/SLRM, senior programs officer/NET Embassy
Review	Loan 1767	30 Nov–9 Dec 2002	Project implementation officer/SLRM, project economist, senior environmental engineer/World Bank-SRI, first secretary/NET Embassy
Review	Loan 1767	24 Jun–17 Jul 2003	Project implementation officer/SLRM, project analyst/SLRM, senior environmental engineer/World Bank-SRI, senior programs officer/NET Embassy
Review	Loan 1767	15–19 Dec 2003	Environment specialist/SAAE, project implementation officer/SLRM, senior environmental engineer/World Bank-SRI, country director/SLRM, senior programs officer/NET Embassy
Special Loan Administration	Loan 1767	11–13 Mar 2004	Project implementation officer/SLRM
Review	Loan 1767	17–22 May 2004	Project implementation officer/SLRM, project analyst/SLRM, senior environmental engineer/World Bank-SRI, senior programs officer/NET Embassy
Midterm Review	Loan 1767	10–25 Nov 2004	Project implementation officer/SLRM, project analyst/SLRM, senior environmental engineer/World Bank-SRI, senior programs officer/NET Embassy
Review	Loan 1767	11–16 Jul 2005	Project implementation officer/SLRM, financial management/disbursement officer/SLRM, senior environmental engineer/World Bank-SRI, senior programs officer/NET Embassy
Review	Loan 1767	21–23 Dec 2005	Head PAU/SLRM, project implementation officer/SLRM
Review	Loan 1767	13–23 Feb 2006	Project implementation officer/SLRM, financial management/disbursement officer/SLRM, senior environmental engineer/World Bank-SRI, senior programs officer/NET Embassy
Review	Loan 1767	7–17 Nov 2006	Project implementation officer/SLRM, project analyst/SLRM, legal counsel/HO, lead environmental specialist/World Bank-SRI, senior programs officer/NET Embassy

ADB = Asian Development Bank; GEF = Global Environment Facility; HO = head office; NET = Netherlands; PAU = project administration unit; PCR = project completion report; PPAR = project performance audit report; PPTA = project preparatory technical assistance; SAAE = South Asia Agriculture, Environment, and Natural Resources Division; SLRM = Sri Lanka Resident Mission; SRI = Sri Lanka; TA = technical assistance.

^a ADB, GEF, and Government of the Netherlands components only.

Source: Asian Development Bank databases.

B. Introduction

1. This appendix discusses the evaluation of the Protected Area Management and Wildlife Conservation Project in Sri Lanka, approved by the Asian Development Bank (ADB) on 19 October 2000 for \$12 million.¹ It was selected as one of the study projects for the performance evaluation under this evaluation for the following reasons: First, it was substantially implemented compared to other ongoing Global Environment Facility (GEF) projects. Second, it would provide opportune lessons to an ongoing project as part of efforts of the Operations Evaluation Department (OED) to give real-time feedback. Third, it could provide useful recommendations to other biodiversity projects in ADB's GEF portfolio. At the time of the OED Mission in July 2006, the possibility of extending the Project was discussed. OED's independent assessment could help to reach a decision on this issue. The Mission was carried out in two stages² covering performance evaluation and process evaluation. The objective was to (i) review and assess project progress, and (ii) learn

¹ ADB. 2000. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the Democratic Socialist Republic of Sri Lanka for the Protected Area Management and Wildlife Conservation Project*. Manila.

² The OED Mission comprising Mala Hettige (principal evaluation specialist and mission leader) visited Sri Lanka from 20 July to 3 August 2006, and Frank Radstake (environmental/natural resource management specialist) visited the project-related areas from 17 to 29 April 2006. Nirmalie Pallewatta (national consultant) accompanied the missions.

from its design and implementation, and provide recommendations and follow-up actions for the ongoing project. The Mission held discussions with various agencies and stakeholders in Colombo and visited four of the seven project sites: protected areas of Bundala, Horton Plains, Uda Walawe, and Wasgamuwa.

2. Sri Lanka is a signatory to the 1971 Ramsar Convention on Wetlands of International Importance, 1973 Washington Convention on International Trade in Endangered Species, 1991 Bonn Convention on Migratory Species, and 1992 Rio de Janeiro Convention on Biological Diversity. Anticipating the Convention on Biological Diversity, the 1990 National Policy on Wildlife Conservation envisioned reassessing the objectives of protected area management according to principles of protection, sustainable use, efficient management, and regulation based on scientific knowledge and the needs of multiple stakeholders. The National Forestry Policy and Forestry Sector Master Plan of 1995–1996 recognized the rapid dwindling and increasing fragmentation of natural forests, especially in the wet zone, which has high levels of endemic species. The 1997 National Conservation Review identified priority sites for inclusion in the protected area system. The Government of Sri Lanka is aware of the extent to which its poverty reduction efforts are linked to problems faced in the management of protected areas, and recognizes the value of an integrated and participatory approach to resource management.

3. Early in 2000, a multisector task force, with support from ADB, developed the new National Wildlife Policy. The policy, originally initiated in 1990 by the Department of Wildlife Conservation, articulates the Government's conclusions in relation to the sustainable and participatory management of wildlife resources in the context of the national poverty reduction agenda. In so doing, it sets the scene for amending the Flora and Fauna Protection Ordinance to remove inconsistencies with policy; helps prepare a biodiversity conservation action plan; and ultimately supports complete harmonization of biodiversity-related policy, law, and conservation action in Sri Lanka. While these proposed changes to the Flora and Fauna Protection Ordinance were being advocated independently of the Project, its inclusion in the loan covenants provoked strong opposition from nongovernment organizations (NGOs) and some concerned individuals, who claimed that the policy changes were being proposed to accommodate the Project, especially because the economic activities conducted in the buffer zone could not have been implemented with the existing Flora and Fauna Protection Ordinance provisions. Changes to the 1998 Biodiversity Conservation in Sri Lanka: A Framework for Action was achieved through a series of addenda, which were developed through a participatory provincial process. At the time of the OED Mission, the addenda were ready but not yet published.

C. Preparation and Design

4. The overall project objective is to conserve the country's natural resources and preserve its wildlife diversity by strengthening protected area management and participatory adaptive management in priority protected areas (footnote 1). By addressing institutional and legal deficiencies in protected area management and pilot-testing participatory adaptive management in priority protected areas, the Project is expected to stimulate nature-based tourism and contribute to the development of a sustainable protected area management and wildlife conservation system for Sri Lanka. The protected areas, and the services and benefits they provide, were not effectively used due to weak institutions, lack of resources, inadequate managerial skills and technical capacity throughout sector institutions, and lack of cooperation between conservation agencies. Addressing these weaknesses would require efforts in areas of human resource development, improvement of managerial systems and technical skills, and provision of infrastructure and equipment. Greater interagency cooperation and the involvement and support of local communities were considered fundamental to project success. Rural livelihoods are dependent on a flow of natural resource benefits, many of which cannot be sustained without proactive protective measures. To build these partnerships, greater capacity within the conservation agencies to understand and work with local communities would be required. Effective community

empowerment is necessary to allow communities to plan for their own future and interact with Government agencies and the business sector. Part of this vision will involve low-impact use of protected areas and communities capturing benefits through ecotourism development. The key need was to strengthen sector institutions to manage protected areas, in partnership with and in the interests of local stakeholders. The proposed protected area conservation trust would provide financing to help build these partnerships with the local communities.

5. Following the Government's request for support to the sector, an ADB technical assistance (TA) fact-finding mission visited Sri Lanka in October 1997. ADB subsequently approved a project preparatory TA in December 1997 to prepare the feasibility study.³ During loan preparation, serious concerns were raised about the implementing capacity of the Department of Wildlife Conservation, and downsizing of the project to about \$10 million–\$15 million was recommended. In an effort to build a good track record for ADB-GEF cofinanced projects, ADB approved loan appraisal during the management review meeting in June 1999 even though more work was needed.⁴ However, several factors delayed further processing: (i) mismatch between ADB's processing schedule and the World Bank/GEF project cycle,⁵ (ii) the Project's inconsistency with the World Bank country strategy, and (iii) the World Bank's concerns about the institutional weaknesses of the Department of Wildlife Conservation. The Mission was asked to consolidate the institutional framework and to justify in the report and recommendation of the President the direct recruitment of the World Conservation Union to provide monitoring and evaluation of the Project.

6. The Department of Wildlife Conservation was transferred repeatedly between different government ministries and also experienced a high turnover of management. While this is common in Sri Lanka, it was perceived to be addressed by the institutional program under an earlier 1999 ADB TA on sustainable natural resource management,⁶ and the project financed by the United Nations Development Programme and GEF in 1994–1999.⁷ While the project document identified the lack of political and bureaucratic support as a project risk, it noted that the Department of Wildlife Conservation had been strengthened by the earlier United Nations Development Programme-GEF assistance and that the project design already tends to promote consistent national support by the Department of Wildlife Conservation. This optimism adversely affected project progress during its early stages.

7. To address some of the policy issues that emerged during project processing and to assist in preparing a project suitable for GEF financing, the World Bank and ADB jointly processed a project development facility block B grant. During the staff review committee meeting for the TA project, the Mission was asked to clarify the multiplicity of agencies involved and their overlapping functions, and to establish that the Department of Wildlife Conservation had predominant responsibility for wildlife in the country. In relation to GEF, the chairman requested verification of contractual arrangements between ADB, GEF, World Bank, and Department of Wildlife Conservation, as well as GEF procedures for approval and administration, cost reimbursement, and a contingency plan, should GEF decline to finance the TA. GEF approved the project development facility block B grant in September 1999, and implementation commenced November 1999.⁸ At the staff review committee

³ ADB. 1997. *Technical Assistance to the Democratic Socialist Republic of Sri Lanka for the Biodiversity Conservation Project*. Manila.

⁴ This would enhance future cofinancing opportunities with GEF, not only for ADB as an institution but for executing agencies in general, given that direct access arrangements with GEF executing agencies were being negotiated at the time.

⁵ Since ADB would have to submit the GEF proposal through the World Bank in the absence of direct access arrangements at the time.

⁶ ADB. 1999. *Technical Assistance to the Democratic Socialist Republic of Sri Lanka for Sustainable Natural Resource Management for Development*. Manila (TA 3271-SRI, for \$800,000, approved on 6 October). The TA recommended detailed institutional reforms for the Ministry of Forests and Environment and other natural resource management bodies.

⁷ United Nations Development Programme and Food and Agriculture Organization. 1999. *Development of Wildlife Conservation and Protected Area Management*. New York: United Nations Development Programme.

⁸ ADB. 1999. *Technical Assistance to the Democratic Socialist Republic of Sri Lanka for Preparing the Protected Area Management and Wildlife Conservation Project*. Manila.

meeting for the loan in June 2000, the project team clarified that the main project risk regarding the weak institutional capacity of the Department of Wildlife Conservation would be addressed through loan covenants and covenants. On 19 October 2000, the Board approved the loan,⁹ equivalent to \$12 million from Special Funds resources, along with ADB's appointment as administrator of a \$10.2 million grant (from GEF). The Project was delegated to the Sri Lanka Resident Mission shortly after Board approval. The loan agreement was signed on 6 December 2000.

D. Implementation

8. **Project Management.** A project management unit, headed by a project director, was established within the Department of Wildlife Conservation, responsible for day-to-day administration and implementation of project activities in cooperation with other key implementing agencies, civil society organizations, and business interests. The Project has had four project directors during its lifetime—the last two were concurrently directors general of the Department. The collaborative planning activities are implemented by the Biodiversity Conservation Secretariat under the Ministry of Environment and Natural Resources, using teams drawn from multiple agencies. To accommodate the expanded scope of the collaborative conservation planning (component C) and conversion of the protected area conservation trust into the Protected Area Conservation Fund (component D), implementation arrangements were immediately changed after loan approval.

9. The National Advisory Committee on Wildlife Conservation, representing key stakeholder interests, was established to serve as a sounding board and adviser to the Project, and was later reconstituted as the project steering committee. The steering committee had too many members from highly diverse backgrounds who tried to steer the Project in different directions, made worse by their divergent opinions about project benefits, lack of clear understanding of project objectives, and disagreement of their mandate and tasks. Three separate accounts were set up for the financial management of the three separate financing sources, but the Department of Wildlife Conservation staff could not directly monitor the project accounts for the GEF and Government of the Netherlands' grants since these accounts were managed by the Ministry of Finance and Planning.

10. Implementation was further weakened by the limited ownership of the project by the Department of Wildlife Conservation and the Ministry of Environment and Natural Resources. Clearly, ADB improperly assessed the degree of executing agency ownership during appraisal. This served to heighten suspicion among the public that this Project was foisted upon Sri Lanka by ADB and the World Bank. Coordination was lacking for project implementation due to differences in opinion among the top management within the Department of Wildlife Conservation and the Ministry of Environment and Natural Resources. In addition, the multiplicity of project components and the great number of consultants assigned to each component exceeded the Department's absorptive capacity. Moreover, its local offices have restricted flexibility in recruiting staff due to the centralized recruitment procedures of the Government. As a result, the Department of Wildlife Conservation initially failed to provide sufficient counterpart staff, and the staff that was made available encountered difficulties complying with ADB guidelines. These constraints would have been addressed by the institutional reforms envisioned under the first project component. However, the overall strong resistance of the state sector to reforms and strong trade union presence within the department made implementation of change difficult, particularly with respect to the retrenchment of incompetent and unqualified staff. Despite slow progress in implementing the project activities, the department continued proposing new activities¹⁰ for project funding without addressing its staffing constraints. Procurement was slow, attributed to a lack of in-country

⁹ The term of the loan is 32 years, including a grace period of 8 years, with an interest charge of 1% per annum during the grace period, and 1.5% per annum thereafter. The loan will close on 30 June 2007.

¹⁰ These included the development of a Department of Wildlife Conservation corporate development plan, development of operating procedures to manage the National Wildlife Training Center, preparation of a management plan for Wilpattu National Park and an ecotourism plan for Yala National Park, and expansion of Protected Area Conservation Fund-financed activities to buffer zones under the jurisdiction of the Forest Department.

experience; delays in the actual procurement processes; and lack of qualified bidders, which led to repeat tenders. Civil works contracts for park buildings were seriously delayed because of inadequate labor, slow supply of materials, and poor work quality that were common to all sites.

11. A total of 172 person-months of national and 128 person-months of international consulting services were expected to be required in addition to a consortium of international NGOs. During project implementation, the apparent lack of resources within the Department of Wildlife Conservation resulted in an increase in the allocation of national consultant's inputs, such that at the time of the OED Mission, loan resources for national consultants were increased to 196 person-months, while the use of international consultants was reduced slightly to 124 person-months. The national and international consultants brought in expertise that was lacking within the department especially for scientific aspects, generating a large amount of valuable data. However, the project management unit staff felt that some consultants did not perform to the expected quality standards, and they were too busy with their nonproject work to closely monitor the work of the consultants. This problem could have been avoided had the planning of project activities been built up gradually.

12. **Outcomes.** At the time of the OED Mission, some important outcomes had been generated: (i) the Cabinet had formally approved institutional reforms and decentralization of authority; (ii) 50% of revenues from the parks had been earmarked in principle for conservation purposes; (iii) infrastructure and visitor services in the pilot protected areas had been improved; (iv) partnerships with the communities in the buffer zones had undergone major improvements because of the Department of Wildlife Conservation's use of participatory protected area management through the Protected Area Conservation Fund activities; and (v) the department's ownership of project activities and approaches was enhanced, especially of those directly involved in park management.¹¹ The Protected Area Conservation Fund had been set up as a sinking fund¹² rather than the proposed trust fund, resulting in gradually depleting GEF funds (instead of just the interest income), thus threatening the sustainability of activities funded. Table A3.1 presents the status of performance targets identified under the project framework in Appendix 1 of the report and recommendation of the President (footnote 1).

Table A3.1: General Performance Targets

Planned	Timing	Status as of March 2007
New legislative and policy frameworks approved	by 2001	Submitted to cabinet
Institutional reforms implemented	by year 1	Not fully implemented but expected to be completed if the project is extended
Management of pilot sites enhanced	by year 6	Started; sustainability will depend on community cooperation
Sustainable funding mechanism operating	by year 3	Unlikely to be achieved within the remaining project time
Private sector, nongovernment organization, and community partnerships established	by year 4	In progress
Conflict resolution process established	by year 3	Implemented
Human-elephant conflict reduced	by year 6	In progress
Awareness of benefits of protected areas in surrounding communities raised	by year 6	Implemented

Source: Special evaluation study team.

13. As of November 2006, the physical progress of the Project is 74% over 90% of the elapsed loan period. The overall financial commitments for the ADB loan component are 72%, GEF 66%, and Government of the Netherlands 71%. The project activities were implemented slowly during

¹¹ The Project provided opportunities for field staff to be involved in park management planning and in training for skills enhancement, making the field officers more productive and more interested in their tasks, and the work of the regional administration easier.

¹² Mainly due to the change in the Government of the Netherlands' policy on trust fund financing in client countries.

the first 2 years but gathered momentum in 2004. Although most activities are behind schedule according to the original timetable, many activities are under way and loan covenants are gradually being complied with. Two court cases have hindered the Project's progress. In August 2002, five individuals¹³ filed a case in the Court of Appeals against the director general of the Department of Wildlife Conservation, secretary of the Ministry of Environment and Natural Resources, the project director, and the attorney general, alleging that the project design was detrimental to the wildlife sector.¹⁴ After many hearings, in September 2005 the petitioners and respondents reached an out-of-court settlement contingent on 12 conditions. One of the conditions stipulated that the Project cannot be extended beyond the loan closing date originally approved. A second court case was filed in March 2005 by 146 individuals against the Urban Development Authority, Department of Wildlife Conservation, Ministry of Urban Development and Water Supply, and Ministry of Lands and Land Alienation Committee over the land allocation for the proposed head office building. After several delays, the court ruled in October 2006 that the land was not available for the head office building.¹⁵ These court cases have had serious implications for the project outputs and the sustainability of the associated outcomes.

14. The biodiversity survey was delayed because of opposition to awarding it to international NGOs, lengthy discussions on who would conduct the survey, and how it will be implemented. After getting ADB clearance to award the contract to existing TA consultants, the Ministry of Environment and Natural Resources still needed to get Cabinet approval for "direct procurement." Managers were unable to find suitable NGOs to conduct the microplanning exercises under component 4, prompting ADB to approve the use of consulting companies as intermediary organizations as well as officers contracted by the project management office to work under the authority of park wardens (e.g., Bundala National Park) to undertake this exercise.

15. Soon after loan signing, a change in the project scope was approved on 6 September 2001 to accommodate (i) administrative changes arising from a Government of Sri Lanka reshuffling that affected the project institutions,¹⁶ and (ii) Government of the Netherlands's request to broaden its involvement in the Project (beyond just component D) and use the proceeds of its grant for purposes other than initially envisaged.¹⁷ The total grant contribution from the Government of the Netherlands remained at \$4 million. Similar to the protected area conservation trust, the Protected Area Conservation Fund would also be established outside of the Government and be governed by a board,¹⁸ but it had not been established at the time of the OED Mission. A second change in scope occurred in the first quarter of 2005 involving a reallocation of funds to (i) increase the amount available for civil works, survey work, and consulting services; and (ii) include a separate budget category for habitat management activities. To cover these extra costs, funding for equipment and vehicles, training, workshops, media, publications, information technology,

¹³ The OED Mission met with some of these individuals and their representatives.

¹⁴ For instance, the project document required the Project to make every effort to avoid social relocation through boundary alignment and, if necessary, zoning inside the protected areas. NGOs expressed concern that by adjusting the boundaries of the protected areas to avoid resettling households, the Project will in effect encourage encroachment.

¹⁵ Since the case was filed after the contract for the building construction was awarded, the contractor was advised that the contract would be terminated. Subject to the payment of certain claims, ADB has informed that since the head office building cannot be completed in time, the funds intended for it will be reallocated for institutional strengthening if the Project is extended.

¹⁶ The Department of Wildlife Conservation was placed under the Presidential Secretariat, mandating a change in the leadership of the interagency project coordination committee from the Ministry of Public Administration and Home Affairs to the Presidential Secretariat. The project management unit project director was also asked to report through the director general of the Department of Wildlife Conservation for components A and B, and through the secretary of Ministry of Environment and Forestry for component C.

¹⁷ No longer as an endowment but as a sinking fund, although the establishment of the endowment trust is still envisaged within the project period if sufficient cofinancing from other sources can be arranged.

¹⁸ The project document mandated that the board for the trust should comprise nine directors (six eminent people acceptable to ADB and three ex officio representatives, one each from the Department of Wildlife Conservation, Forest Department, and Coast Conservation Department). NGOs protested the use of this stipulation of "eminent people acceptable to ADB" since it may give ADB undue control over the trust fund.

research, and NGO contracts were reduced. In recognition of the limited absorptive capacity and lack of ownership by the Department of Wildlife Conservation, certain activities were phased out and time frames for some milestones extended. Other changes include ADB's consent in April 2005 to use some of the project funds to reconstruct damaged roads within Yala National Park, which had the highest number of visitors and was severely damaged by the tsunami, and to extend microplanning training activities to the protected areas that were not project pilot sites.

16. The proposed conduct of the biodiversity baseline study by an international NGO (World Conservation Union)¹⁹ proved to be a sensitive issue amid concerns among civil society regarding the disclosure of sensitive information (e.g., biopiracy). During the management review meeting for the loan in June 1999, project officers argued the Board had already approved a similar approach for the Sundarbans Biodiversity Conservation Project.²⁰ However, at the staff review committee meeting in June 2000, participants agreed as a compromise that the direct selection of the World Conservation Union will be replaced by a more competitive selection from among three to four NGOs. In November 2004, ADB approved the Government's request to directly award the biodiversity baseline contract to the existing TA consultants. Cabinet approval for the direct procurement was granted only in 2005 so the contract awarding could be done only in March 2006. Considering the remaining time for project implementation, the scope of the survey was reduced from all seven pilot areas to just four, to be completed within 12 months instead of the original 25 months.²¹

17. In the loan document, the Government of Sri Lanka and ADB agreed to 17 covenants that involved significant legal and institutional reforms. The project team considered these reforms critical in developing sound wildlife management and conservation in Sri Lanka. Not surprisingly, compliance has been slow, and as of July 2006 during the OED Mission, the most critical reforms had not yet been implemented. Details on project covenants and their current compliance are summarized in Table A3.2. The compliance schedule set for the project covenants was ambiguous and the time provided to realize complicated legal and institutional legal reforms was unrealistic. As such, delay in accomplishing key covenants cannot be attributed entirely to lack of ownership and willingness of the Department of Wildlife Conservation or the Government. ADB failed to develop a reasonable time frame during project processing.

Table A3.2: Project Covenants and Compliance

Project Covenant	Status (as of March 2007)
I. Project Implementation	
1a. The PMU shall be responsible for the implementation of components A and B. The Borrower shall ensure that throughout project implementation, the PMU shall be (i) headed by a project director, supported by a project coordinator, both with suitable qualifications and experience; and (ii) staffed with an administration officer, and clerical, financial, and other support staff, all assigned on a full-time basis. The Borrower shall exert its best endeavors to ensure that the initially appointed project director and project coordinator will remain in their positions throughout project implementation, subject to their willingness to continue to serve in their positions and their satisfactory performance.	Complied with.

¹⁹ The World Conservation Union has extensive experience with biodiversity concerns and has been working in Sri Lanka.

²⁰ ADB. 1998. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan and Technical Assistance Grant to the People's Republic of Bangladesh for the Sundarbans Biodiversity Conservation Project*. Manila.

²¹ Final report for the limited scale biodiversity survey was completed in March 2007.

Project Covenant	Status (as of March 2007)
1b. Within 1 year of the effective date, the Borrower shall have appointed two persons at the level of deputy director for the community outreach and management information systems technical units at DWC headquarters.	Not complied with by the given date, as institutional reforms have awaited approval since November 2005.
1c. Within 6 months of the effective date, the Borrower shall have appointed six staff for the visitor services and ecotourism, management information systems, and community outreach units.	Not complied with for management information systems but complied with late for visitor services and ecotourism and community outreach.
1d. Within 3 years of the effective date, the heads of regional offices shall have the level of deputy director.	Not complied with by the given date, as institutional reforms have awaited approval since November 2005. Initiated later than the due date.
1e. Within 1 year of the effective date, DWC shall establish and commence implementation of a system to delegate the authority and responsibility for the preparation and management of annual work plans and related budgets for the field programs to the regional offices and protected area field units, under supervision of the additional director technical.	
2. BCS shall be responsible for the implementation of component C. A joint planning team comprising staff from DWC and the Forestry Department of MFE shall implement components C(ii) and C(iii).	Complied with.
3. Within 6 months of the effective date, the Borrower shall have established an interagency Project Coordinating Committee (PCC) to be chaired by the Secretary to the President of the Borrower. The PCC shall include representatives from the Ministry of Finance and Planning, Ministry of Local Government and Provincial Councils, Ministry of Tourism, Ministry of Agriculture and Lands, MFE, and the Ministry of Fisheries and Aquatic Resource Development.	Complied with.
II. Wildlife Conservation Policy and Legislation	
4. Within 1 year of the effective date, the Borrower shall have appointed a Protected Areas Management and Wildlife Conservation Advisory Committee representing all concerned sectoral governmental, nongovernment, public, private, and academic interests, to advise the Minister responsible for DWC on the development of policy and legislation, with the PMU acting as its secretariat.	Complied with.
5. Within 1 year of the effective date, the Borrower shall have prepared and submitted to Parliament a bill for wildlife conservation, amending the Fauna and Flora Protection Ordinance in accordance with the National Wildlife Policy of 2000.	Submitted to Cabinet on 28 March 2007.
6. The BCS shall form a multisectoral task force comprising expert members to develop a BCAP, consistent with the National Wildlife Policy of 2000 and reflecting the concerns of all relevant governmental and nongovernment stakeholders. The Borrower shall ensure that the BCAP will have been prepared and published within 3 years of the effective date.	Complied with late.
III. Protected Area Conservation Trust	
7. The PACT shall be incorporated as a charitable trust under the Trust Ordinance of the Borrower, with a charter and operating procedures satisfactory to ADB and the Borrower and rules on investment of liquid assets satisfactory to ADB. The PACT shall be operated by an independent Board of Trustees and/or Board of Directors, as the case may be, acceptable to ADB and the Borrower and its assets shall be managed by a commercial fund manager to be selected through competitive bidding procedures. The Board shall comprise six independent eminent persons and three ex officio members representing DWC, the Forest Department, and the Coast Conservation Department.	Not applicable. PACT was changed to a PACF with the approval of financiers but the covenant was not changed.

Project Covenant	Status (as of March 2007)
8. The Borrower shall ensure that, to the extent allowed under the laws of Sri Lanka, relief from any taxes and levies will be granted in respect of the funds of the PACT, including income earned on such funds and any assets of the PACT. In the event of a change in the law that would adversely affect the tax regime applicable to the PACT, the Borrower shall make its best efforts to assist in restructuring the PACT in such a way that its holdings and income earned thereon will not be subject to any taxes and levies.	Not applicable.
9. The Borrower shall refrain from any action that may interfere with the independence of the Trustees of the PACT in their decision making as to which activities will be funded by the PACT or how the funds of the PACT will be invested.	Not applicable.
IV. Wildlife Preservation Fund	
10. The Borrower shall cause at least 50% of the revenues generated by DWC's PAs to be transferred to the Wildlife Preservation Fund for the purpose of (i) capital expenditures of DWC, (ii) community awards and outreach programs of those communities that reside in the protected areas impact zone; (iii) DWC staff incentives and awards; (iv) casual wages and field staff allowances; and (v) financing the elephant damage compensation program, until it has been replaced by an appropriate insurance scheme.	Complied with at the end of 2002.
11. DWC shall maintain one separate, interest-bearing account for the Wildlife Preservation Fund and shall channel all revenues for and expenditures from the Wildlife Preservation Fund exclusively through this account. The Borrower shall have this account audited annually by independent auditors.	Complied with.
V. Resettlement	
12. DWC shall prepare, through a fully participatory process involving the local communities, both men and women, an operational plan to survey, delineate, demarcate, and map the boundaries of the pilot PAs. The boundaries will be established in such a way that no existing villages would lie within the PA boundaries. To the extent that there would be a need to relocate people living within the boundaries of a pilot PA, DWC shall prepare and implement a resettlement plan in accordance with ADB's Handbook on Resettlement and satisfactory to ADB.	Need for resettlement has not arisen. The boundaries are established except for one park.
VI. Employment of Local Communities	
13a. The Borrower shall appoint all new permanent wildlife guards to be stationed in a pilot PA from among people residing within 5 kilometers (km) of the boundaries of the same area.	Complied with the recruitment of 33 wildlife guards.
13b. The Borrower shall employ people residing within 5 km of the boundaries of pilot project areas as temporary laborers for works undertaken in those areas during the implementation of the Project.	Complied with.
VII. NGO Partnership	
14. Within 6 months of the effective date, the Borrower shall have selected and engaged a consortium of NGOs, including an international NGO with expertise in wildlife conservation and a local NGO with expertise in community development, to advise on implementation of component A(iv) and to undertake baseline surveys in the first year and independent impact assessments in the third and sixth year of the Project. The consortium shall be selected from a shortlist agreed upon between ADB and DWC.	A major change in implementation arrangements was approved in November 2004 to award contract to TA consultants. In mid-2005, social mobilizers were contracted for the same purpose, working under DWC.
VIII. Other Matters	
15. DWC shall pay to wildlife guards, wildlife rangers, and assistant directors all field allowances that are due to them under relevant rules and regulations, such that wildlife guards and wildlife range assistants will receive field allowances for at least 21 days per	Ongoing, under the Wildlife Preservation Fund.

Project Covenant	Status (as of March 2007)
month, wildlife rangers for at least 15 days per month, and assistant directors for at least 10 days per month.	
16. The Borrower shall ensure that annually a report on national wildlife status and trends is prepared by DWC, and that this report will be publicly available.	In compliance from 2002 to 2003.
17. Within 2 years of the effective date, DWC shall have commenced implementation of contracts with local communities/private sector for the environmentally low-impact operation by such local communities/private sector of all DWC tourist bungalows retained for tourist purposes. Such contracts shall be on an arms-length basis and on terms and conditions satisfactory to the Borrower and ADB.	Ongoing.

ADB = Asian Development Bank, BCAP = Biodiversity Conservation Action Plan, BCS = Biodiversity Conservation Secretariat, DWC = Department of Wildlife Conservation, MFE = Ministry of Forests and Environment, NGO = nongovernment organization, PA = protected area, PACF = Protected Area Conservation Fund, PACT = protected area conservation trust, PMU = project management unit.

Source: Special evaluation study team.

18. **Monitoring and Feedback.** A socioeconomic survey was carried out in the buffer zones. The final report, which includes the monitoring indicators developed, is complete and the survey is expected to be designed for replication in a few years.²² The overdue and reduced-scale (baseline) biodiversity survey work was initiated in March 2006. This had been delayed because of extended discussions on who should conduct the survey and how it would be done, with primary opposition to the contract being awarded to international NGOs. OED was not able to ascertain the comprehensiveness and replicability of this survey as its scope was under discussion at the time of the OED Mission.²³ The delegation of ADB project management to the Sri Lanka Resident Mission shortly after project approval enabled resident mission and government staff to interact regularly to solve day-to-day issues concerning the Project. ADB and the World Bank also collaborated extensively to monitor project activities and address issues raised by the NGO community and the steering committee.

E. Follow-Up Actions Recommended at the Time of the OED Mission

19. Immediately after its mission, the OED Mission informed the Government and the resident mission of its recommendations to continue project implementation. The follow-up actions are presented in paras. 20–23. The recommendations and lessons are included in the main text, (Chapter II).

20. **Action: Prepare a realistic longer term plan on how to sustain participatory protected area conservation activities with buffer zone communities.** Sufficient (high-level) attention does not seem to have been given to completing project outputs. The solution would include searching for possible matching funds and extending project duration. Also, a longer term financial plan needs to be developed on how to maintain and implement the various activities. The sustainability of one of the key project outputs could be improved significantly if the Protected Area Conservation Fund can be converted to a more sustainable protected area conservation trust as originally envisaged.²⁴ High-level support is needed from the Ministry of Environment and Natural Resources, Ministry of Finance, and the aid community to find a source of matching funds. Given

²² The final report of the survey was not ready during the OED Mission, but was presented in October 2006.

²³ Due to the delays in initiating the biodiversity survey and the limited time remaining for project implementation, the scope of the survey was reduced to cover four of the seven protected areas and was to be completed within 12 months instead of 25 months. The survey was completed in four of the seven parks by March 2007. If the Project is extended, the survey will be done in the other parks.

²⁴ The trust was converted to a sinking fund during implementation, mainly due to the lack of matching funds to use the GEF grant. The prearranged grant from the Government of the Netherlands had to be converted to a sinking fund at the request of the Government of the Netherlands after project approval.

the need to extend community outreach activities over a longer period, ADB and the World Bank should support the Government in obtaining matching funds and creating a trust fund as originally designed.²⁵

21. **Action: Extend the project closing date by 1 to 2 years.** Such an extension would ensure the sustainability of outputs and outcomes generated. To facilitate the extension, project management should make arrangements to finalize covenants that are substantially completed (i.e., institutional reforms and restructuring, and amendments to the Flora and Fauna Protection Ordinance). During the extension, project management should strive to carefully restructure the remaining activities in a realistic and sequential manner, with reassigned target dates for specified outputs and outcomes. This will allow activities such as training plans and staff recruitment to be initiated in a more pragmatic manner over a longer time horizon and enable buffer zone activities to be formalized and become sustainable. Since some of the activities had been completed, project scope during the extension may be confined to institutional strengthening, training activities, and community partnership building to achieve the conservation purposes.

22. **Action: Establish a mechanism to draw on the 50% protected area revenue budget that is allocated to DWC to maintain protected area facilities and activities.** The facilities built, the park management activities undertaken, and the research carried out under the Project need to be nurtured to generate expected outcomes. This requires maintenance funds and additional funding to disseminate findings or establish links with user groups. The Department of Wildlife Conservation should ensure that adequate provision is provided annually, especially for maintenance, and a specific procedure for identifying the funding mechanism is established.

23. **Action: If the Project is restructured and extended, a new steering committee with fewer members should be established to address the major issues of the Protected Area Management and Wildlife Conservation Project.** The number of members should be reduced to 10 or less to facilitate collaboration. Nominees should be selected based on their ability to provide more strategic guidance (e.g., how to increase project efficiency and ensure sustainability of the project outputs). At present, steering committee members do not seem to have a clear understanding and agreement of the mandate and tasks.

Table A3.3: Matrix of Project Components and Key Outputs

Design Summary	Expected Outputs	Actual Outputs (as of March 2007)
3.1 Enhancing Department of Wildlife Conservation (DWC) Institutional Capacity		
3.1.1 Management capacity enhanced	<ul style="list-style-type: none"> • Annual work plans formulated by year 1 • New accounting procedures established by year 1 • Headquarters and regional offices refurbished by year 4 • Communications network established by year 2 • Seven regional offices with consolidated budgets by year 3 • Information technology and website developed by year 2 • Research priorities established and addressed by year 4 	Final version of Flora and Fauna Protection Ordinance reviewed by the Attorney General's Department and submitted to the cabinet in March 2007 prior to transmitting to Parliament

²⁵ During implementation, accounting entries may have been processed to reflect utilization of both GEF and Government of the Netherlands grants (in a 60:40 ratio). However, the Government of the Netherlands sinking fund may be prioritized for community outreach activities and GEF funds are available to be matched with other sources of finance to create a trust. The funds committed to community outreach activities from the sinking fund totaled about SLRs179,000,000 (\$1.7 million) at the time of the OED Mission and are less than the \$2 million grant received from the Government of the Netherlands for this purpose.

Design Summary	Expected Outputs	Actual Outputs (as of March 2007)
3.1.2 Technical capacity enhanced	<ul style="list-style-type: none"> • Technical units strengthened • 383 training courses completed, providing 55,000 person-days of training by year 6 • Twinning with international nongovernment organization • 75 reciprocal visits with international partners • Project monitoring capacity established, 286 sector workshops organized and attended by year 6 	<p>Participants sent for several short international training courses in geographic information systems, communication, and protected management, etc. Two participants sponsored for master of science degree and four for postgraduate diplomas. A number of study tours were conducted in India, Nepal, Tanzania, etc; and a variety of short-term courses completed in Sri Lanka from 2003 to 2005 for more than 1,000 participants. Various multimedia documentaries ongoing (video, radio, educational materials). Training plan finalized.</p>
3.1.3 Ecotourism capacity enhanced	<ul style="list-style-type: none"> • Two ecotourism staff added to visitor services and ecotourism unit by year 2 • Strategic ecotourism plan prepared by year 2 • Four ecotourism courses delivered by year 4 • Ecotourism policies prepared by year 2 	<p>Two ecotourism officers appointed. Visitor survey completed. Construction of park infrastructure completed in four parks (Minneriya, Horton Plains, Bundala, and Wasgamuwa). Progress in three other parks: Uda Walawe, Peak Wilderness, and Ritgala. New ticketing reviewed and approved by the Government.</p>
3.1.4 Wildlife biodiversity monitoring and evaluation strengthened	<ul style="list-style-type: none"> • Nongovernment organization consortium contracted by end of year 1 • Monitoring system designed and implemented by year 2 • Monitoring reports produced in year 4 and 6 • 10 sector staff trained in biodiversity monitoring system by year 3 	<p>Draft reports on habitat mapping submitted. Portfolio/gap analysis final report submitted (September 2005). Socioeconomic survey completed (seven data sets). Limited biodiversity survey completed in four parks.</p>
3.2 Participatory Adaptive Management of Pilot Protected Areas		
3.2.1 Existing protected area management plans revised and consolidated	<ul style="list-style-type: none"> • Plans agreed for seven pilot sites with full stakeholder participation by year 3 • 3-year work plans developed by year 3 	<p>Management plan revision process completed</p>
3.2.2 Adaptive management systems implemented	<ul style="list-style-type: none"> • Adaptive management experiments devised for key issues by year 3 • Management actions reflect adaptive learning by year 4 • Priority strategic threats at each site managed by year 5 • Second priority threat defined and management initiated by year 4 	<p>Various activities carried out (electric fencing, habitat enrichment, boundary surveying and demarcation, development of water sources, maintenance of grasslands, establishment of live fences, and opening of fire lines).</p>
3.2.3 Management of pilot protected areas facilitated	<ul style="list-style-type: none"> • Boundaries marked and surveyed (340 kilometers (km), year 2–4) • Reduction in area of encroachment by 25% by year 6 • Electric fencing of 253 km by year 6 • Livestock numbers reduced by 50% by year 6 • Poaching prosecutions increased 25% by year 5 • Illegal felling reduced by 20% by year 6 • Firewood collection reduced to zoned areas by year 5 • Gemming reduced 50% by year 6 • Outreach teams and educational materials developed and distributed by year 6 	<p>Boundary surveys completed and electric fencing carried out. Outreach material and educational information developed.</p>

Design Summary	Expected Outputs	Actual Outputs (as of March 2007)
3.2.4 Ecotourism products and services developed	<ul style="list-style-type: none"> • Outreach grants dispensed starting year 2 • Raised awareness of park benefits by year 6 • Park ecotourism plans prepared and implemented by year 3 • Visitor services specialist appointed at each park by the end of year 1 • Visitor centers (6), nature trails, towers, hides, campgrounds constructed or refurbished by year 4 • Recreation possibilities doubled by year 5 • Four concessions developed and implemented by year 5 • Educational materials produced by year 2 • Visitors satisfaction increases by 25% by year 5 • International park visitation doubled that in 1999 by year 6 	An ecotourism workshop was organized in June 2006, but insufficient progress has occurred due to lack of DWC leadership
3.3 Collaborative Conservation Planning		
3.3.1 National Biodiversity Conservation Action Plan prepared	<ul style="list-style-type: none"> • Cross-sector team established by year 1 • Plan approved by year 3 • Annual priority review process established 	<p>Meeting of the National Biodiversity Experts Committee</p> <p>Public comments incorporated into addendum</p> <p>Preliminary approvals for the preparation of provincial biodiversity profiles and actions plans received</p> <p>Translation of Biodiversity Conservation Action Plan in Sinhala completed</p>
3.3.2 Protected area system reviewed and enhanced	<ul style="list-style-type: none"> • Conservation estate assessed • Gaps identified by year 2 • Public and private provision strategies developed 	<p>Gap analysis conducted</p> <p>Meeting of Expert Group on Protected Area Gap Analysis</p> <p>Stakeholder workshop conducted</p>
3.3.3 Endangered species recovery plans prepared	<ul style="list-style-type: none"> • Cross-sector team established by year 1 • Priority species identified by year 4 • Recovery plans produced by year 5 	<p>Preparation of species conservation profiles for globally threatened species</p> <p>Workshop for police officers on legal provision related to biodiversity</p> <p>"Red listing" ongoing</p> <p>Preliminary approvals for preparation of species recovery plans</p>
3.4 Protected Area-Community Partnership Building		
3.4.1 Sustainable financing for participatory community mobilization and planning established	<ul style="list-style-type: none"> • Endowment trust spends less than 20% on administration and a maximum of 25% reinvestment by year 6 • Contractor institutional strengthening completed (5 regional programs delivered in year 3-4) • Proposals received from at least 30% of institutions participating in institutional strengthening program by year 4 • Protected area conservation trust twinned with other trust • More than 150 impact zone villages mobilized before year 6 and 100 local community microplans developed with local resources of at least equal the grant value 	<p>As of December 2007, the National Grants Review Committee has approved 127 subprojects. DWC performance in implementing the Protected Area Conservation Fund has been better than that of the consultant intermediary organizations recruited</p> <p>Given the absence of a common format for monitoring the progress of subprojects, the project management unit is reviewing this concern</p>

Design Summary	Expected Outputs	Actual Outputs (as of March 2007)
	<ul style="list-style-type: none">• Community-agency agreements specifying rights and responsibilities• Area-wide plans developed with local and provincial governments actively involved	

Source: Department of Wildlife Conservation progress report.

V. PHOTOGRAPHS FROM PROTECTED AREAS UNDER THE PROTECTED AREA MANAGEMENT AND WILDLIFE CONSERVATION PROJECT IN SRI LANKA

Photo A3.1: New Main Building for the Wasgamuwa Park (visitor center, cafeteria, etc.)



Photo A3.2: New Buildings at Wasgamuwa Park for Park Warden and Staff



Photo A3.3: Electric Fence to keep Elephants in Wasgamuwa Park



Photo A3.4: Elephant Damage to a Wasgamuwa Bungalow



Photo A3.5: Support to Buffer Zone Communities through Microcredit



Photo A3.6: Microcredit for Bicycle Repair Shop



Photo A3.7: New Northern Entrance to the Horton Plains National Park



Photo A3.8: Rehabilitated Horton Plains Park Offices and Visitor Center



Photo A3.9: New Visitor Center Information Panels at Horton Plains



Photo A3.10: Visitors Check on Plastics, Cigarettes, Weapons, etc., at Horton Plains



Photo A3.11: Discussions between Community-Based Organizations and Park Management at Uda Walawe



Photo A3.12: Removal of Invasive Species in Uda Walawe: Before (right) and After (left)



Photo A3.13: New Park Warden Facilities at Uda Walawe (under construction)



Photo A3.14: Elephant Herd near Uda Walawe Lake



Photo A3.15: Rehabilitated Bundala Park Offices



Photo A3.16: New Visitor Center at Bundala Park



Photo A3.17: Entrance and Visitor Exhibition at Bundala Park



Photo A3.18: New Viewing Deck at Bundala Park



Photo A3.19: New Auditorium with Clearing of Invasive Species at Bundala Park



Photo A3.20: New Cafeteria and Viewing Deck at Bundala Park



Photo A3.21: Invasive Species at Bundala Park



Photo A3.22: Invasive Species up to the Coastline at Bundala Park



**REGIONAL TECHNICAL ASSISTANCE FOR THE PREVENTION AND CONTROL
OF DUST AND SANDSTORMS IN NORTHEAST ASIA**

A. Basic Data

Cost (\$'000)	Estimated	Actual
Foreign Exchange (ADB and GEF)	745.0	705.5
ADB (JSF)	426.4	705.5
GEF	318.6	
Local Currency (ADB and GEF)	255.0	
ADB (JSF)	73.6	
GEF	181.4	
Total (ADB and GEF)	1,000.0	705.5
ADB (JSF)	500.0	372.1
GEF	500.0	333.4
Government (Local Currency)	215.0	
Total	1,215.0	
Number of Person-Months (consultants)	53	53.2
International	11	10.5
National	42	42.7

Executing Agency: Asian Development Bank

Milestones	Date
GEF CEO Endorsement Letter	26 Nov 2002
GEF CEO Formal Endorsement	18 Dec 2002
ADB President and Board Approval	11 Dec 2002
Signing of TA Agreement	Not required
Fielding of Consultants	26 Jul 2003
TA Completion: Expected	30 Jun 2004
Actual	28 Feb 2006
TA Closing	30 Jun 2006
TCR Circulation	12 May 2006

Missions	Mission Field Dates	Mission Members
Joint Fact-Finding	26 Aug–2 Sep 2002	Programs officer (ADB), deputy regional director for ASPAC (UNEP), assistant regional coordinator (UNCCD), environmental affairs officer (UNESCAP)
Joint Inception	4–6 Aug 2003	Country programs specialist (ADB), deputy regional director for ASPAC (UNEP), China country director (UNEP), regional coordinator for Asia (UNCCD), consultant
Consultation	31 Jul–1 Aug 2002	Programs officer
	17–21 Feb 2003	Country programs specialist (formerly programs officer)
	19–20 Jun 2003	Country programs specialist
Joint Consultation	29 Sep–2 Oct 2003	Country programs specialist (ADB), deputy regional director for ASPAC (UNEP)
Special TA Administration	19–22 Aug 2003	Country programs specialist
	5–7 Nov 2003	Country programs specialist, economics officer
	13–15 Dec 2003	Country programs specialist, consultant

Missions	Mission Field Dates	Mission Members
	15–16 Dec 2003	Country programs specialist, consultant
	16–18 Feb 2004	Country programs specialist
	11–12 May 2004	Economics officer
	29–30 Aug 2004	Country programs specialist, economics officer
	16–17 Sep 2004	Country programs specialist, economics officer
	5–7 Dec 2004	Senior country programs specialist, project consultant
	24–25 Mar 2005	Senior country programs specialist

ADB = Asian Development Bank, ASPAC = Asia and the Pacific, CEO = chief executive officer, GEF = Global Environment Facility, JSF = Japan Special Fund, PRC = People's Republic of China, TA = technical assistance, TCR = technical assistance completion report, UN = United Nations, UNCCD = United Nations Convention to Combat Desertification, UNEP = United Nations Environment Programme, UNESCAP = United Nations Economic and Social Commission for Asia and the Pacific.

Source: Asian Development Bank databases.

B. Introduction

1. The Global Environment Facility (GEF) portfolio of the Asian Development Bank (ADB) comprises three medium-sized projects.¹ Of these, one medium-sized project is closed—regional technical assistance (RETA) for the Prevention and Control of Dust and Sandstorms in Northeast Asia.² The RETA was selected as one of the study projects for this evaluation, and covers the People's Republic of China (PRC) and Mongolia. The Operations Evaluation Department (OED) Mission visited Mongolia from 27 May to 6 June 2006 and the PRC from 16 to 29 June 2006.³ Before the visits, the Mission reviewed relevant documents, and held discussions with various government agencies in the PRC and Mongolia, aid organizations, and other stakeholders in Manila; Bangkok; and Washington, DC. The OED Mission also visited a priority demonstration site in Zamiin-Uud.

C. Preparation and Design

2. In March 2002, ADB undertook a special consultation mission in the PRC and Mongolia to discuss with the national governments the concerns of regional cooperation between the two countries. The Mission identified three priority areas for ADB support: environment management, trade development, and transport. For the environment, dust and sandstorms were becoming an increasing international concern in Northeast Asia. Because the problem traversed country boundaries, the countries agreed that assistance from a multilateral facilitator like ADB was urgently needed. The assistance would mobilize suitable technical and financial resources to implement remedial measures in a coordinated manner through regional cooperation, and the idea of focusing only on remedial and not preventive measures was developed. However, both remedial and preventive measures would have been more useful to address the problem and, therefore, to mount a larger scale effort.

¹ A fourth medium-sized project for Support for Establishing a Regional Monitoring and Early Warning Network for Dust and Sandstorms in Northeast Asia was submitted for the GEF chief executive officer approval but was not approved due to lack of GEF-3 resources.

² ADB. 2002. *Technical Assistance for the Prevention and Control of Dust and Sandstorms in Northeast Asia*. Manila (TA 6068-REG, for \$1 million, approved on 11 December).

³ The Mongolia Mission comprised Frank Radstake (environment and natural resource management specialist), and the PRC Mission comprised Mala Hettige (principal evaluation specialist/mission leader).

3. At the invitation of the PRC Government, ADB mounted a fact-finding mission in August 2002 together with staff from the United Nations Environment Programme (UNEP), United Nations Convention to Combat Desertification (UNCCD), and United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) to consult with the PRC Government on a proposed dust and sandstorm project. The Mission jointly prepared a draft proposal. During RETA preparation, ADB noted the discrepancy between the technical capacities of the countries, i.e., Mongolia lacked monitoring capacity while the PRC's data collection was comprehensive but fragmented. This suggested the need to have different approaches for the two countries. The four beneficiary governments also had vastly different dust and sandstorm concerns and technical capacities, which influenced their priorities and the incentives to participate in the RETA.⁴ Therefore, these countries were expected to require a substantial effort to agree on the fundamental issues concerning the general principles and the scope of the proposed investment strategy in mitigating dust and sandstorms impact. At this point, the emphasis of the RETA appears to have turned from a focus on remedial matters to more structural arrangements for early warning of the impact. At the time, the steering committee for the RETA was to be chaired by the two assistance recipient countries. The PRC Government supported applying for GEF grants for the RETA. However, it noted that the indicative schedule of 14 months was too ambitious and the Mission responded by increasing the implementation period to 18 months.

4. Initial discussions explored the possibility of delegating financial responsibility to ESCAP, UNCCD, and UNEP. Prior to the RETA, the three United Nations agencies (ESCAP, UNCCD, and UNEP) could not, on their own, arrive at a consensus regarding the approach, focus, and agenda as each claimed its own leadership in dealing with dust and sandstorms. ADB needed to play a lead role in developing the general framework for their cooperation. As a result, a complicated but manageable institutional structure (based on the expertise of each United Nations agency involved and allowing for proper visibility of each United Nations agency) had to be developed. Due to the lack of coordination between these United Nations agencies, ADB took the lead role in developing the general framework for their cooperation and was made fully responsible for the financial aspects. However, the United Nations organizations perceived their roles to have been downgraded, reducing their ownership of the Project and outcomes.

D. Implementation

5. **Project Management.** While a key objective of the RETA was to facilitate regional cooperation among stakeholders, this was difficult given the differences of opinion evident at the beginning. Some of the issues that arose during implementation included the following: (i) Agreement was needed on a flexible operating mechanism for the monitoring network—the priority was to make dust concentration data available (in real time) to downwind users by sharing existing information and filling in gaps through equipment upgrades at selected sites (particularly in Mongolia). (ii) Initially, the PRC was reluctant to share the monitoring data that it was collecting. More recently, however, the PRC position has shifted from insistence on full cost sharing and cost recovery, to an emphasis on external assistance for capacity building and minimal financial support for monitoring equipment maintenance. (iii) Some stakeholders believed that no relationship had been established between dust and sandstorm causes and effects, and a cautious approach was to be observed in developing an investment strategy until such links were analyzed further. (iv) The dust and sandstorms source country should take primary responsibility

⁴ The incentives for the participating countries are very different. While Japan and the Republic of Korea are interested in reducing the sandstorms, the PRC benefits mainly from addressing the problem of desertification, which is higher on the agenda of decision makers. Mongolia is not interested in monitoring if it is only for dust. But if this could be combined with other air quality parameters, this could be a real incentive.

in addressing the local impacts of dust and sandstorms (assuming that base costs and incremental costs could be distinguished). Unfortunately, Mongolia would have to rely on foreign assistance for dust and sandstorms mitigation given its weak economic capacity. (v) The Russian Federation and the Democratic People's Republic of Korea indicated willingness to participate in the joint activities during RETA implementation. Unfortunately, the former's participation was held back by lengthy internal approval processes in Moscow, while the latter was denied because ADB operations are limited to ADB member countries.

6. The coordination of technical tasks was distributed among the partners as follows: UNCCD to provide operation and administrative support to the steering committee and to ADB as the executing agency, ADB to provide the regional master plan, UNEP to provide the regional monitoring and early warning network and the scientific findings, and ESCAP to develop the investment strategy. A three-volume report⁵ was drafted under the RETA: (i) report on the Regional Master Plan for Prevention and Control of Dust and Sandstorms, (ii) report on Establishing a Regional Network for Monitoring and Early Warning of Dust and Sandstorms in Northeast Asia, and (iii) Investment Strategy for Prevention and Control of Dust and Sandstorms in their Originating Source Areas. Despite being a complicated RETA involving four countries and four partner agencies, most of the activities were implemented according to plan and within the available budget. Efforts for research and data collection on desertification and land degradation were extensive, both in the region and worldwide. A public awareness program, through a project website and multimedia presentations to mobilize public support on dust and sandstorms, were conducted. Completion of the RETA was delayed by 9 months due to relatively slow United Nations internal procedures, late consultant mobilization due to the severe acute respiratory syndrome outbreak, and logistical problems with translation of the plan in the national languages of the four participating countries.

7. Consultant input was estimated to be 11 person-months of international consulting and 42 person-months of national, but the actual used was 10.5 person-months of international consulting and 43 person-months of national. The consultants engaged generally received a satisfactory assessment. Experts from Japan and the Republic of Korea provided background information and data concerning programs of dust and sandstorms in their respective countries and critically reviewed the draft reports prepared by the consultants. Initially, the idea was to delegate financial responsibility to the United Nations organizations and to include an overhead of 13%. However, the final arrangement was that ADB was fully responsible for the financial aspects to reduce the money spent on administrative purposes. UNCCD, the regional coordinating unit for Asia, provided administrative support. This financial arrangement, however, made the United Nations organizations feel like observers and may have reduced their ownership project outputs. The RETA was more output oriented and did not indicate an outcome orientation. This resulted in dissatisfaction by local governments who were keen to implement demonstration projects.⁶

8. Under the RETA, experts from the participating countries, together with the international and domestic consultants engaged by ADB, jointly developed a program to establish the proposed regional network. Agreements were made to (i) select a set of core dust and sandstorms monitoring indicators including visibility (instrumented), particulate matters with diameter smaller than 10 micrometers, and light detection and ranging monitoring data (vertical profile of dust cloud by light detection and ranging monitoring data) as the network data for cross-country data sharing; (ii) establish a system of dust and sandstorms monitoring stations, all at strategically selected locations in the dust and sandstorms-affected areas; (iii) adopt a

⁵ The reports are available from the RETA website (<http://www.adb.or/Documents/Books/dust-and-sandstorm>) in the English language. The regional master plan is available in the languages of the participating countries.

⁶ Minor activities are ongoing. The Japanese Government supported the purchase of equipment for Mongolia.

decentralized organization structure for operation of the regional network (each country would have a national focal agency to consolidate the dust and sandstorms monitoring data collected by the country's network stations for cross-country data sharing through the internet and specially designed websites, in accordance with standard norms to be agreed upon by the participating countries); and (iv) share dust and sandstorms assimilation results and forecasting products for the benefit of all participating countries. The program was to be implemented in a phased manner with the first phase focusing on data sharing with the existing monitoring capacity. The program has identified 25 existing dust and sandstorms monitoring stations in the PRC and 6 in Mongolia as the first group of designated network stations, which will need equipment upgrading and capacity strengthening.

9. The RETA completion report confirms that the steering committee was established comprising eight members: one representative each from the four dust and sandstorms-affected countries, one from ADB, and one from each of the United Nations partners. The steering committee met four times⁷ during the 3-year RETA project. Newsletters available from the RETA website report that the meetings emphasized the need to link the RETA strategy to other international conventions and the concern that local interests must not be sacrificed in the interests of donors; and discussed the complexity of resource mobilization and site selection, aside from discussing the RETA outputs. This steering committee was supported by three technical committees. UNCCD chaired the technical committee tasked with promoting a regional cooperation mechanism; the committee's operation was delayed due to United Nations internal procedures. UNEP chaired the technical committee to prepare a program to establish a regional monitoring and early warning network for dust and sandstorms, and ESCAP chaired the committee to prepare an investment strategy.

10. In addition, varying incentives for the different countries do not encourage equal participation in establishing large-scale high-tech monitoring and an early warning system as envisaged under the RETA. While the PRC, Japan, and Republic of Korea experience the effect of increased dust and sandstorms, the main priority for Mongolia is the sustainable management of its natural resources. These national concerns and incentives determine the financing arrangements for establishing and operating the monitoring network. Mongolia may have difficulty making the necessary changes without external support.⁸

11. **Outcomes.** The master plan created under the RETA was cleared by the steering committee and endorsed by the participating governments, as evidenced from the Communiqué of the Tripartite⁹ Environment Ministers Meeting and other official statements. The OED Mission found that sufficient ownership of the plan had not been created within the Mongolia Ministry of Nature and Environment.¹⁰ The investment strategy identified nine focus areas¹¹ based on an assessment of ecological threats and current mitigation measures, as well as possible activities for each of the focus areas, ranging from land-based interventions (rangeland and livestock management, windbreaks, forestation, renewable energy promotion, etc.) to social development

⁷ The meetings were held in March 2003 in Manila, February 2004 in Bangkok, September 2004 in Beijing, and February 2005 in Manila. The steering committee meetings were held jointly with the technical committees, such that 30 to 35 people attended each meeting.

⁸ According to the plan to establish the regional monitoring and early warning system, the total cost for Mongolia alone would be \$11 million for the coming 10 years. Japan is supporting Mongolia in improving its meteorological network and building its capacity in weather monitoring and prediction.

⁹ The PRC, Japan, and Republic of Korea.

¹⁰ This was partly reflected by high staff turnover in the Ministry of Nature and Environment, and partly because the Mongolian Government felt that not many RETA benefits accrued to Mongolia.

¹¹ Alashan, Hulunbuir, Ordos Plateau, and Xilingol, in the PRC; Dornogobi, Ovorghangai, Omnogobi, and Sukhbaatar in Mongolia; and the Erinhote-Zamiin Uud site along the borders of the PRC and Mongolia.

(livelihood and skills training, poverty reduction programs, etc.) to project management (capacity building for local government, awareness raising, etc.). These proposed actions, approximating about five per focus area, are described briefly in one paragraph and accompanied by indicative areas and indicative costs.

12. As a result of the RETA, a regional steering committee comprising officials and representatives of the four dust and sandstorms-affected countries and four partner institutions was established, although its existence was coterminous with that of the RETA. This structure ceased functioning as an institutional structure for regional cooperation on dust and sandstorms after project closure, especially following staff turnover for some stakeholders.¹² While the RETA facilitated multiple meetings and workshops, it did not result in any new regional dust and sandstorms agreements. This was not explicitly intended in the RETA paper (footnote 2); and in a sense, the RETA had limited expectations of outcomes and focused on outputs. It simply required the establishment of a forum and enabling mechanism for the stakeholders to develop a more permanent institutional structure for regional cooperation on dust and sandstorms and a master plan for regional cooperation on reducing dust and sandstorms, both of which appear to have been achieved. In the PRC and Mongolia, different agencies were given the responsibility for dust and sandstorms data monitoring and management of degradation. The RETA established a link between these agencies and generated some willingness to cooperate (Table A4). The difficulties of interdepartmental cooperation should not be underestimated. Unlike the RETA, many other initiatives have floundered on this point.

Table A4: General Performance Targets

Planned	Timing	Status as of March 2007
<ul style="list-style-type: none"> • Regional cooperation mechanism on dust and sandstorms established, supported by operating capacity to coordinate interventions and mobilize support of stakeholders 	None	Eight-party steering committee established, along with three technical committees
<ul style="list-style-type: none"> • Regional master plan for combating dust and sandstorms supported by <ul style="list-style-type: none"> ○ phased development program for establishing a regional monitoring and early warning network for DSS; and ○ investment strategy, including recommendations for sustainable financing mechanism and identification of eight demonstration projects 	None	Final report on the regional master plan reviewed and cleared by the steering and technical committees
	None	Final report on the early warning network reviewed and cleared by the steering and technical committees
	None	Final report on the investment strategy reviewed and cleared by the steering and technical committees

Source: Special evaluation study team. Asian Development Bank. 2002. Full name of paper in italics. Manila.

13. The strategy proposes that the dust and sandstorms prevention and control program be implemented in three phases: phase I (2006–2007): conduct feasibility studies, capacity building, institutional development, and public awareness activities; phase II (2008–2010): implement pilot projects and set up monitoring equipment; and phase III (2010–2015): extend implementation of projects in three dust source areas. However, while the regional steering committee cleared this strategy, this did not lead to a firm agreement among the parties or a ranking of the selected potential interventions. No funding was committed for any of the proposed activities by the end of the RETA. As such, although the RETA may have provided a

¹² For example, staff from the Ministry of Nature and Environment and Ministry of Fuel and Energy involved in the steering committee in Mongolia. In fact, the OED Mission had difficulty obtaining feedback on the RETA findings from the officials representing Mongolia in the steering committee and technical committees, as they were unaware of the RETA reports.

useful technical summary on dust and sandstorms knowledge, it did not introduce sustainable institutional arrangements, procedures, and activities to provide operating details for establishing sustainable financing mechanisms.¹³

14. While dust and sandstorms-related activities and land degradation issues (poor land management, changes in agricultural practices, increased industrial water use, etc.) are closely linked,¹⁴ they are loosely integrated in the dust and sandstorms outputs in the PRC (Box A4). ADB initiated the Partnership on Land Degradation of Dryland Ecosystems Programmatic Approach in the PRC, which addresses the causes of land degradation in a systematic manner. In Mongolia, integration between dust and sandstorms and agricultural practices, etc., is not apparent. The RETA raised stakeholders' expectations by proposing a large number of demonstration projects.

Box A4: Close Linkage between Dust and Sandstorms and Land Degradation Issues

The occurrence of dust and sandstorms (DSS) requires at least (i) a dry and loose surface; and (ii) strong and persistent wind, generally at least 6.5 meters/second to initiate a dust outbreak. Therefore, meteorological conditions and soil surface properties must be studied as well as how these interface. In Northeast Asia, DSS originate from the mid-latitude desert zone and are driven by the East Asia winter monsoon, moving southeast over the Korean peninsula to Japan and the northern areas of the Pacific Ocean.

The investment strategy is proposed in the context of the international, regional, and national frameworks for the prevention and control of land degradation. The success of the regional effort depends on the successful implementation of the demonstration projects as "test beds" to assess policy/administrative, institution reform, and technical measures/action; their careful monitoring and evaluation; and scaling up the successful packages. The real solution to DSS is reducing constant pressure on the land brought about by (i) converting grasslands for cropping and increasing livestock grazing in marginal areas, (ii) relocating people from more densely populated areas to develop marginal lands, (iii) developing industry on a large scale in remote and water-deficient parts of the countries, (iv) expanding irrigated agriculture into the driest parts of the country, (v) keeping water prices low to remove incentives for farmers to adopt water-efficient techniques, and (vi) supporting inappropriate land use practices and labor mobility restrictions.

Source: Volume 3: *An Investment Strategy for the Prevention and Control of Dust and Sandstorms Through Demonstration Projects*.

The phased program to establish a regional monitoring and early warning network for prevention and control of DSS in Northeast Asia aims to set up monitoring stations for effective early warning. While individual countries have already set up their own DSS forecasting and early warning services, they differ in terms of monitoring method and threshold value. Mongolia, in particular, does not have a special DSS monitoring site, so developing its national capacity is a key task under the regional technical assistance. While the countries have agreed to share meteorological data and products within the context of the World Meteorological Organization and bilateral initiatives, these are insufficient to get real-time data across countries in the regions.

Source: Volume 1: *Regional Master Plan for the Prevention and Control of Dust and Sandstorms in Northeast Asia*.

¹³ The original RETA report (footnote 2) indicates that it would "include recommendations for sustainable financing mechanisms."

¹⁴ For example, success rates for reforestation plots and nurseries seem to be extremely low and highly dependent on protection against animals and the continued availability of water, obviously scarce and costly in a natural desert. The few water sources available in the southern part of the country have dried up as a result of excessive (industrial) water use upstream. Also, overgrazing is commonly given as a reason for land degradation, but evidence indicating that this is the main and single cause for land degradation is limited.

15. **Monitoring and Feedback.** The ADB RETA team was able to organize and coordinate inputs from the consultants, United Nations partner agencies, and experts provided by Japan and the Republic of Korea. The participants noted that ADB played a good coordinating role when countries and agencies had disagreements. According to the RETA completion report, the regional master plan met all of its targets, resulting in the identification of nine pilot demonstration project areas (four in the PRC, four in Mongolia, and one joint). However, the report does not describe the status of the monitoring and early warning network.

E. Follow-Up Actions

16. By collaborating and sharing information between the stakeholders, better early warning mechanisms can be developed for the region. In that respect, the RETA has built more awareness and willingness to work together. The existing system of monitoring information and collecting meteorological information provide substantial early warning. Additional data on a standardized fashion may extend the use of such information for research activities. The RETA outputs,¹⁵ however, do not address the issues of how governments should respond to an early warning and what action plan would follow in such a situation. Such an action plan needs to be addressed in follow-up regional cooperation efforts.

17. Focusing on a regional monitoring and early warning system for the region would not reduce the scale of dust and sandstorms, which was a goal of the RETA. In addition to focusing on the early warning system, any follow-up work should establish the diagnosis of the dust and sandstorms effect and begin to address policy issues that prevent or reduce dust and sandstorms. Better linkages should be formed between other efforts for preventing land degradation and the occurrence of dust and sandstorms. Alternative livelihood styles and more sustainable agricultural practices must be encouraged.¹⁶

¹⁵ For example, Volume 2: Establishment of a Regional Monitoring and Early Network for Dust and Sandstorms in Northeast Asia (ADB. 2005. *Regional Master Plan for the Prevention and Control of Dust and Sandstorms in Northeast Asia*. Manila). Available: <http://www.adb.org/Documents/Books/dust-and-sandstorm/default.asp>

¹⁶ In Mongolia, during the Soviet regime, the overgrazing of the land was controlled, but under the free market system, such controls are lacking and overgrazing occurs at a large scale.

Photo A4.1: Sand Encroachment in Zamin Uud



Photo A4.2: Sand Encroachment in Zamin Uud



Photo A4.3: Nursery in Zamin Uud



Photo A4.4: Nursery in Zamin Uud



Photo A4.5: Nursery Greenhouse in Zamin Uud



Photo A4.6: Nursery Greenhouse in Zamin Uud



SUMMARY REVIEW OF THE PERFORMANCE OF ASIAN DEVELOPMENT BANK AND GLOBAL ENVIRONMENT FACILITY COFINANCED ACTIVITIES

A. Introduction

1. This appendix provides a desk review of the status of the cofinanced portfolio of Asian Development Bank (ADB) and Global Environment Facility (GEF) activities.¹ The projects included as study projects in the evaluation (the subject of the main text of this report) are not discussed here.² Given the resource and time limitations, the discussion in this appendix is based on a rapid assessment and should, therefore, be treated as such. It is a snapshot view of the ongoing projects, the conditions of which may change during implementation. Information was taken from available loan and technical assistance (TA) documents, back-to-office-reports, project or TA performance reports, and communication with relevant project officers. Where available, the appendix discusses achievements and progress during implementation.

B. Proposals Approved

2. **Asia Least-Cost Greenhouse Gas Abatement Strategy.** ADB approved this regional technical assistance (RETA) in 1994; it was closed in December 2001. GEF cofinancing was approved in 1991 and released through the United Nations Development Programme (UNDP) as the GEF implementing agency.³ The RETA achieved its objectives very well. Five ADB staff from the then Office of Environment and Social Development were directly involved in executing the project. Each of the 12 participating countries designated a national counterpart agency to serve as focal point and be responsible for coordinating the national work plan. GEF provided 81% of the total financing of \$10.2 million; the remaining costs were to be borne by the 12 participating governments (13%) and ADB (6%). The RETA was designed to help participating countries⁴ fulfill their obligations to the United Nations Framework Convention on Climate Change, particularly the submission of an official inventory of country greenhouse gas emissions.⁵ The project also sought to develop national and regional capacities to undertake research and analysis related to global climate change and to help the countries formulate their own least-cost greenhouse gas abatement reduction strategies.

3. The RETA supported the generation of the first authoritative inventory of greenhouse gas emission sources and sinks for 1990 with projections for 2020 in the energy, forestry, and land use and agriculture sectors, using a uniform measure across the different countries. Most of the country teams were able to assemble their national inventories as a result of the RETA. Although the actual process of exhaustively compiling such local emissions will take many years, the improved analytical and modeling capabilities will allow future inventory-taking. The

¹ Table 1 of the main text provides relevant summary details of all the projects and TA projects discussed in this appendix.

² This appendix excludes discussion of the three study projects, which are presented in appendixes 2, 3, and 4.

³ The UNDP provided overall guidance for the RETA as the GEF implementing agency, while its country offices provided project coordination within the country. The RETA engaged key national consultants as technical experts headed by a national team leader.

⁴ Since the Democratic People's Republic of Korea was not an ADB member, ADB subcontracted the United Nations Economic and Social Commission for the Asia and the Pacific to implement the Asia Least-Cost Greenhouse Gas Abatement Strategy for this country.

⁵ The United Nations Framework Convention on Climate Change was signed by 154 countries in June 1992 to help mitigate rapid climate change and assist adaptation to it where impacts had been negative. GEF serves as a financial mechanism serving international environmental conventions, including the United Nations Framework Convention on Climate Change. The inventories will serve as (i) concrete starting points for international negotiations on emission reductions, (ii) a baseline from which actual reductions will be determined, and (iii) the basis for national planning in sectors with activities.

RETA also proposed abatement strategies and action plans, as well as 81 proposals for priority greenhouse gas abatement projects and TA in the participating countries. The reports generated were cited extensively in climate change research, outreach, and project proposals, representing an effective contribution to both the literature and governments' or development partners' project pipelines. The level of training participation was high (more than 160 national technical experts) and training materials were useful. The RETA efficiently delivered the outputs with only a slight time and cost adjustment, despite the considerable delay in RETA mobilization and the expansion resulting from the revamp of its scope and structure. This RETA was the biggest and most complex of ADB regional initiatives, involving 12 countries, multiple reports and trainings, and substantial coordination and communication work. The team also showed flexibility in replacing the original uniform training approach with a country-specific model, when they found that the country capacities varied considerably. The RETA generated a number of important lessons for efficiently implementing a regional activity: (i) development of a communication and information flow is important, (ii) project partners exhibited flexibility and an interactive approach in resolving difficult issues,⁶ and (iii) an independent panel of experts peer reviewed the country reports to enhance the professional credibility of the results and gain a real-time external evaluation of implementation. The achievements on capacity are expected to be sustained, given the establishment of national teams⁷ and action plans. The capacity-building activities were well integrated with existing regional institutions,⁸ databases, and expert groups; such extensive involvement widens the expertise pool. The publication of the reports and their availability from the Greenhouse Gas Abatement Project website also improved output dissemination. Follow-up efforts by ADB include a 1999 capacity-building RETA for implementing the Kyoto Protocol⁹ and a 2001 RETA to promote renewable energy, energy efficiency, and greenhouse gas abatement;¹⁰ but these did not involve GEF.

4. Wind Power Development Project. This project in the People's Republic of China (PRC), approved by ADB in 2000, was intended to construct three wind farms, provide policy advice to remove barriers to wind power development, and strengthen the concerned institutions. However, it could not achieve any of its objectives due to termination of the loan. This project was the first ADB-financed investment project for renewable energy development in the PRC,¹¹ building on two earlier advisory TA projects¹² that explored renewable energy utilization strategies. This was also the largest loan (\$58 million) approved by ADB for a GEF-cofinanced project, and was supplemented by \$12 million of GEF cofinancing. Aside from its

⁶ For example, ADB agreed to provide supplementary financing to add subregional training on methane emissions from rice paddies, prepare analytical models, and assist in preparing investment project documentation. Linkages were also established with several parallel activities of other organizations to yield synergies.

⁷ The quality of their outputs may still vary considerably, especially with regard to preparing project prefeasibility documents. A regional thematic support group was set up to continue the cooperation between the national teams after completion of country reports.

⁸ For example, the Australian Bureau of Agricultural and Resource Economics, International Rice Research Institute, Indian National Physical Laboratory, and Asian Institute of Technology.

⁹ ADB. 1999. *Capacity Building for Implementation of the Kyoto Protocol and the Clean Development Mechanism*. Manila (TA 5861-REG, for \$200,000, approved on 1 September).

¹⁰ ADB. 2001. *Promotion of Renewable Energy, Energy Efficiency and Greenhouse Gas Abatement Projects*. Manila (TA 5972-REG, for \$5 million, approved on 4 January).

¹¹ Other development partners had also been supporting renewable energy in the PRC. The UNDP introduced wind-based power generation beginning in 1997 and had provided assistance totaling almost \$10 million by 2000. In May 1999, the World Bank approved a \$100 million loan for wind farms, solar photovoltaic plants, and technology improvement, which was supported by a \$35 million GEF grant. The World Bank Project was also stalled due to tariff issues.

¹² ADB. 1994. *Technical Assistance to the People's Republic of China for the Rural Energy Development Study*. Manila (TA 2100-PRC, for \$500,000, approved on 16 June); and ADB. 1998. *Technical Assistance to the People's Republic of China for the Renewable Energy Development Project*. Manila (TA 3056-PRC, for \$600,000, approved on 25 August).

consistency with ADB country objectives, the project was consistent with the Government's Partnership for Renewable Energy Development by providing momentum for wind farm development in the country during the transition to establishment of a separate market for renewable energy. The project is also pertinent to GEF's program of removing barriers to and reducing implementation costs of adopting renewable energy. In the absence of a formal national policy, the project was to address the barriers in the individual project provinces, thus helping to play a catalyzing role by highlighting the need for a national program that would provide alternatives to carbon-emitting energy sources. It simultaneously addressed the issue of the absence of a formal policy on renewable energy, in parallel with the actual wind farm construction. This simultaneous approach exposed the project to a policy risk that affected the farms' feasibility. Better sequencing would have provided advisory TA projects to support the adoption of the policy, then once the policy ensures the farms will be financially viable, approve investment loans to demonstrate to the private sector how they can address the technology and wind resource risks. Wind power is generally costlier than conventional energy sources, and the Ministry of Finance agreed during loan appraisal that provincial power companies could charge higher than usual tariffs. However, the country's regulatory agency placed a cap on wind power tariffs¹³ that was slightly lower than the appraisal tariff, making passing on the additional cost of wind power to consumers difficult.¹⁴ In the absence of any other repayment guarantee,¹⁵ the loan was terminated prior to effectiveness upon the Government's request.¹⁶ The proposed GEF grant and interest-free loan had not yet been made available at the time, as it was a condition of loan effectiveness.

5. Efficient Utilization of Agricultural Wastes Project. ADB approved the PRC project in October 2002; it is expected to be completed in June 2008. The project has achieved its objectives well. The promotion of biomass technology (to produce cleaner biogas for cooking and lighting by promoting the use of biogas digesters and biogas and gasification plants) is very pertinent¹⁷ to ADB and country strategies across the agriculture, energy, and health sectors; and the environment, poverty reduction, and gender themes. Issues were raised regarding the safety and feasibility of two of the four biogas technologies proposed in the loan, suggesting that the preparatory TA for the loan had technical design issues. ADB and GEF played a catalytic role in rural biomass development. The uptake and participation of farmers has been dramatic and the support shown by local officials has increased significantly. The demonstration effect boosted direct private investment in biogas digesters. As a result of this success, each project household

¹³ During loan preparation in October 1999, ADB was informed that a similar World Bank project was not made effective because "the power company is not allowed to pass on the additional cost to the consumer during this period of slow economic growth in the PRC," thus suggesting that the decision was temporary. During loan reconnaissance, the Government had not yet approved the prefeasibility studies "due to the relatively long time required by the National Development and Reform Commission and the provincial power companies to reach an agreement on the electricity tariffs that will be allowed for the wind farms," although other government agencies agreed that executing agencies will be allowed to fully recover the additional cost of purchase and distribution of wind-based electricity.

¹⁴ The Renewable Energy Law was approved in February 2005, more than 4 years after this project was approved. This law authorized the Government to grant tax and interest subsidies and offer guaranteed access to grids to renewable energy power projects. The law also clarified pricing policies for electricity sourced from renewable energy.

¹⁵ The State Power Corporation was supposed to have provided the financial guarantee, but it was restructured 1 year after the loan was approved, and its new mandate limited such financial guarantee to the proportion of its shareholding.

¹⁶ Although the renewable energy law was not in place, the private project developers were busy developing wind farms in the PRC. However, international financial institute-funded projects have to be approved by the National Development Reform Commission, and there were procedural issues which led to the termination of the project.

¹⁷ In contrast with the Wind Power Project, the cost of generating biogas is far lower than the potential gains. Clarifying government pricing policy was not necessary prior to project approval. This allowed the policy component of the loan to focus on dissemination, marketing, and monitoring. The concept was very beneficial and the ensuing high demand required the project to design a rationing mechanism rather than a marketing scheme.

manages to save 1.2 tons of firewood each year (equivalent to 0.22 hectare of forest protection per household), use 15.6 tons of sludge that otherwise would have been thrown away, reduce smoke pollution from cooking with wood, minimize the transmission of blood fluke disease (caused by the burning of animal waste), and increase the productive time of women. The Shanxi provincial government compared ADB activities under this project to those of government programs and found ADB's initiative to be more effective because of its larger investments, greater focus on women's involvement, availability of GEF funds, and potential for long-term financial support through the certified emission reduction system. However, because of stringent beneficiary selection criteria and provision of subloans on a reimbursable basis, anecdotal evidence suggests a bias toward involving better-off households and males (when tradition assigns the management of heating and cooking to women). Thus, while environmental benefits have been delivered, the poverty reduction impact may have been less than the potential.

6. The Agricultural Wastes Project is well organized; government counterparts provided excellent staff support by assigning full-time staff funded by their own financial bureaus, and introduced innovations. However, some implementation delays are due to late implementation of the beneficiary assessment, the management information system, and reporting practices. Weaknesses in training¹⁸ are also noted, and the release of the GEF grant was delayed by about 2 months as a result of ADB's transition to direct access arrangements. ADB was also not very responsive to the Government's initial request to devote more funds for capacity building rather than consulting services,¹⁹ leading to implementation delays. The project benefits are expected to be sustained because of adoption of policy changes supporting biogas development and the successful integration of the functions for extension, education, and communications into the work of the project implementation unit staff.²⁰

7. **Tonle Sap Conservation Project.** ADB approved the Cambodia project in 2002; it is ongoing, with completion targeted for June 2008. It aims for a sustainable management and conservation of the biodiversity and natural resources of the Tonle Sap Biosphere Reserve, the largest freshwater lake in Southeast Asia and one of the most productive capture fisheries in the world.²¹ The project has three components: (i) strengthen the Tonle Sap Biosphere Reserve Secretariat's²² natural resource management coordination and planning for the reserve; (ii) help organize communities in the five project provinces surrounding the lake for actual natural resource management; and (iii) build management capacity for biodiversity conservation. Complex project is progressing slowly with some implementation issues related to lack of counterpart funding and coordination issues. GEF financed \$3.9 million of the total \$19 million

¹⁸ The targeting was poor because while biogas digester operation is almost completely managed by women, only 20% of the trainees have been women. The timing was also off, coming months before or after the biogas digesters had been physically completed. Finally, some of the training relied on a rote manner of delivery.

¹⁹ The Government made the request, which ADB did not support, during loan negotiations. As a temporary measure, the parties agreed to augment the training fund by tapping the contingency fund. The understanding was that the consultants' services category will not be fully utilized, and the resulting savings will be used as the effective buffer for the project later on. Only after this arrangement was brokered did the PRC become willing to sign off on the GEF financing agreement between ADB and the World Bank.

²⁰ The draft agriculture sector paper prepared for the 2007–2011 country partnership strategy for the PRC referred to a plan to expand and replicate biogas technologies to support the development of renewable energy and ecological agricultural programs.

²¹ It provides 40% to 70% of the country's protein intake, and yields half of Cambodia's total freshwater production.

²² The Tonle Sap Biosphere Reserve Secretariat was established within the Cambodia National Mekong Committee to support coordination of policies between the Department of Fisheries, Ministry of Environment, and other institutions in managing the reserve. Its authority is equivalent to that of a ministerial department.

project cost to fund the third component managed by the UNDP.²³ The project is consistent with ADB's country strategy on environmental protection, and forms part of the Tonle Sap Initiative launched by ADB in 2003 to provide a framework for sector management²⁴ of the basin up to 2017. The project also fits into ADB's initiatives under the Greater Mekong Subregion (GMS), which identify the conservation and protection of the lake's biodiversity as a priority measure under the GMS Core Environment Program and the Biodiversity Corridors Conservation Initiative. It is also consistent with the Government's 1993 designation of the area as a multiple-use protected area and helps Cambodia meet its obligations under more than 10 treaties and conventions on natural resource management. It is meant to replicate the community fisheries model piloted by the Food and Agriculture Organization in Siam Reap in 1995 into the surrounding provinces, following the October 2000 prime ministerial decree to release 500,000 hectares of commercial fishing lots to local communities.

8. The overall strategy for the Tonle Sap Basin was designed so that initial efforts would develop a national regulatory framework²⁵ under the companion TA, while this project will build up management systems and capacity. After the management, planning, and coordination capability are strengthened, community livelihood investment projects are expected to follow. The coordination issues among project implementation units working on separate components led to some implementation issues particularly relating to component 3, which was operating like a separate TA. While the project's efforts to develop community-based management and the enforcement of fishing-related regulations have progressed under component 1, a few gaps remain in terms of provision of legally recognized exclusive user rights. Under component 2, activities focused on compliance with the subdecree by registering community fisheries organizations. More work is expected on prioritizing the communities for support, and strengthening their understanding and capacity to enable them to work independently with minimal support. The project produced 1,800 orthophotomaps covering 1,700,000 hectares and identified core areas for the Tonle Sap Biosphere Reserve. A demarcation of 164 community fishery boundary was completed and about 80% of the demarcation was approved by the fishery authorities. Memoranda of understanding were signed with 14 ministries and local governments to share data for the environmental information database, a big accomplishment considering the agencies' reluctance to commit to data sharing. The data collection for this database was delayed, and efforts were strengthened after the original contract was extended.

9. The project provided computers and specialized assistance to the agencies. This database is intended to serve the information needs of partner agencies, nongovernment organizations (NGOs), and other stakeholders; and provide timely information to facilitate better coordination and planning. The lack of progress on NGO recruitment as of March 2007 caused the project to miss out on the early use of NGOs to support project implementation, which is integral to the project design given their special and cost-effective competencies and experiences, local knowledge, and language skills.

²³ The GEF funding was intentionally confined to one component learning from the past experience of delays in getting GEF endorsement. While waiting for GEF chief executive officer endorsement, the UNDP (which was identified to implement the GEF component) used its own capacity 21 grant (\$623,000) to initiate capacity building.

²⁴ Involving eight major loans on infrastructure; livelihood improvement and environmental conservation; and TA on capacity building, awareness creation, and loan preparation.

²⁵ ADB provided an accompanying \$540,000 advisory TA to improve the regulatory and management framework for inland fisheries. The TA completion report rates the assistance as highly successful in revising guidelines for establishing community fisheries management organizations and drafting the General Fisheries Plan for Management and Development of the Tonle Sap. The Government approved the subdecree on community fisheries, prepared with assistance from this TA, in May 2005. The Government had not approved the TA project's recommendations on the draft Fisheries Law as of March 2007.

10. Under component 3, a comprehensive review report on the status of biodiversity in the reserve was completed in 2006. A biodiversity monitoring program was approved and is being implemented for the protection of biodiversity and control of exotic species. Centers to provide technical training and conduct awareness campaigns for pilot communities were established. The core area management plan is under review and will be submitted to the Ministry of Environment for approval. Feasibility assessment of potential livelihood activities within and outside the core areas has been assessed, and some of the activities have been implemented through Livelihoods Enhancement Groups established in each target village. Tonle Sap Teacher's Manual developed by "Live and Learn" was endorsed by the Ministry of Education for its use and curriculum. Overall training and awareness-raising and information campaigns have been carried out, and ADB is satisfied with them. The Department of Pedagogy is in the process of integrating the Teacher's Manual into the formal curriculum and textbooks. The environment flip chart is now adopted by the World Wildlife Fund for its own operation, and they worked closely with the Food and Agriculture Organization and the UNDP to integrate awareness elements in the capacity building activities.

11. The Government provided exemplary counterpart staff and procurement support for the project. However, delays were noted in negotiating service contracts with development partners²⁶ for components 1 and 2, thus adversely affecting work plans and schedules on capacity building and project management. NGOs had not been recruited as of February 2007 to assist community fisheries organizations in organizing and developing natural resource management plans. The delay is related to weak project management (particularly in component 2), the proposed expansion of the scope of work for NGO activities, and lack of government counterpart funds and procurement procedures. ADB also expressed frustration with the Government's intention to maximize the coverage of community fisheries organizations under component 2, when it should be prioritizing and reducing the target number to organizations that are performing well and have the commitment to become effective partners. Expenditures on equipment and boats as well as on international consultants exceeded the original allocation, necessitating a reallocation of loan proceeds. Despite the progress achieved so far and given the problems related to counterpart funding, project achievements may not be sustainable in the long term²⁷ in the absence of continued development agency funding.

12. National Performance Assessment and Subregional Strategic Environment Framework. This RETA, approved in 2002, aimed to prepare a set of core indicators and prototype environmental database for GMS member countries,²⁸ undertake a needs assessment, and establish a performance assessment system. Although scheduled to be completed by April 2007, its reports have not yet been finalized for publication and therefore the RETA remained active in March 2007. It has achieved several of its proposed outputs, but their sustainability depends on continued funding assistance. It follows the achievements of the 1998 RETA²⁹ that developed the strategic environment framework (SEF I) for the GMS. This 2002 RETA is so integral to SEF I that it has been referred to as SEF II. SEF I, in turn, followed three GMS

²⁶ The delays stemmed from the lack of a clear modality for engaging the United Nations agencies under the rules of ADB and the Ministry of Economy and Finance.

²⁷ Component 3 paid salary support to government counterpart staff and the operating costs of the core areas management centers from the grant funds (that were meant for other budget lines).

²⁸ The GMS is a grouping of six countries (Cambodia, People's Republic of China, Lao People's Democratic Republic, Myanmar, Thailand, and Viet Nam) that seeks to promote development through closer economic linkages. The GMS program was initiated in 1992 with support from ADB and other development agencies.

²⁹ ADB. 1998. *Technical Assistance for the Strategic Environment Framework for the Greater Mekong Subregion*. Manila (TA 5783-REG, for \$1.6 million, approved on 20 March).

environmental initiatives that worked on similar issues,³⁰ including database development, capacity building, and loan preparation, but without the benefit of a subregional strategy on environmental management. SEF I was able to deliver a unified platform based on common goals and key recommendations for future action,³¹ thereby giving more guidance to SEF II activities that were similar to the database and capacity-building initiatives of earlier RETA projects.

13. The primary objective of SEF I was to promote the integration of environmental considerations in economic development planning and implementation within the GMS program, with special attention to transport and energy projects as these have the most serious environmental and social impacts. SEF II seeks the “effective and efficient national environmental program management and improved public accountability for results” as well as performance assessment of environmental issues of regional and global importance. As such, SEF II outlines activities for “enabling and guiding the harmonization of policy, legal, and administrative frameworks.” However, no formal regional agreement governs this harmonization effort, especially to help standardize the frameworks. In view of varying country conditions and capacities, pursuing such harmonization during the 3 years allotted for SEF II may have been a bit presumptuous.³²

14. Identifying how much SEF II overlapped SEF I and the three prior RETA projects is difficult, as well as if it built upon earlier results. Despite the unclear targets and linkages, SEF II contributed to environmental performance assessment in participating countries. For instance, the PRC used the environmental performance assessment systems developed by SEF II to undertake a nationwide assessment. Myanmar decided to institutionalize the system, while Thailand initiated an environmental sustainability index analysis on its own. SEF II has also tried to demonstrate the use of national environmental performance assessment findings to review GEF proposals. However, the findings from the study projects did not cover GEF concerns and the resulting criteria did not go along with the GEF portfolios in the member countries. To address this issue and maximize the benefits from these reports, the steering committee agreed that SEF II should demonstrate how to use the findings of the national environmental performance assessment to (i) review GEF and other foreign-supported projects, (ii) update ADB’s country strategy and program documents in these countries, and (iii) support the countries’ reporting requirements under global environment conventions. The enhancement of country capacities through the national delivery of these outputs was more realistic than attempting subregional harmonization. However, since this is a subregional initiative, pressure may have been exerted to achieve synergistic outcomes that are more than the sum of enhanced national capacities.

³⁰ Beginning with ADB. 1995. *Technical Assistance for the Subregional Environmental Monitoring and Information System*. Manila (TA 5622-REG, for \$1 million, approved on 9 February), which tried to establish a subregional information exchange network. This was followed by ADB. 1996. *Technical Assistance for the Subregional Environment Training and Institutional Strengthening in the Greater Mekong Subregion*. Manila (TA 5684-REG, for \$1.665 million, approved on 9 May), which sought to enhance the GMS countries’ capacity for environmental management through various workshops and training. ADB. 1997. *Technical Assistance for Poverty Reduction and Environmental Management in Remote Greater Mekong Subregion Watersheds*. Manila (TA 5771-REG, for \$1 million, approved on 31 December), which was intended to harmonize national watershed management policies in order to combat deforestation and prepare potential investment proposals.

³¹ The RETA for the Strategic Environment Framework for the Greater Mekong Subregion (footnote 29) also developed analytical methodologies to identify environmental hotspots in the subregion and produced a set of databases, general purpose software, and methodologies to support investment infrastructure decision making in the GMS.

³² For instance, project documents for SEF II present the template for a national environmental performance assessment based on practices developed by the Organisation for Economic Co-operation and Development, but caution that judgment ought to be used in adapting these generic prescriptions to the context and specific needs of each concern and country. The question remains of how a set of prescriptions can be designed for the GMS as a whole, with member countries having different traditions and experiences with regard to performance assessment.

15. SEF II had several implementation issues. The national environmental performance assessments took time to be completed. Reasons for this include difficulties in accessing data,³³ deficiencies in capacity among the national project teams, lack of adequate support from the national focal point, and lack of influence exerted by some focal points. More importantly, problems from earlier RETA projects involving aid coordination have continued to manifest, despite the fact that the earlier RETA on monitoring and information systems³⁴ stressed the need to clearly state in a memorandum of understanding, to be signed by all parties, the specific responsibilities with regard to overall project administration. The content of such a memorandum of understanding is still being discussed some 2.5 years after SEF II approval.

16. To the extent that the TA secretariat is based within an established United Nations Environment Programme regional research center focused on the environment, the RETA outputs will be permanently retained outside of the individual countries, with opportunities for synergistic and long-term use. However, SEF II did not build any formal mechanism or incentive for ensuring that beneficiary countries update the databases and monitoring systems developed under SEF II (especially in the three countries that did not actively participate in preparing their own national performance assessment reports). At best, the outputs could establish the baseline conditions within each country, but the updating may still have to be done under future project preparation activities. The RETA outputs are less self-sustainable, and its continued sustainability will depend on future programs. ADB is providing another RETA in support of the Core Environment Program,³⁵ from 2006 to 2009. This TA includes an environmental performance assessment component. It will focus on (i) enhancing governance and institutional development of GMS environment management, and (ii) institutionalizing decision support systems for environment management and sustainable development planning. Component 3 of the RETA seeks to build on the results of SEF I and II, and enhance and institutionalize the use of environmental performance assessments in GMS countries. This will be done by anchoring national and subregional environment performance assessment capacity within the GMS countries that involves government, NGOs, universities, and local communities in a coherent and coordinated network. In addition, capacity for utilizing environment performance assessment information in the environment planning and management by key sector agencies in energy, tourism, transport, and macroeconomic planning is being strengthened under the Core Environment Program.

17. **Capacity Building to Combat Land Degradation Project.** ADB approved this PRC TA project in 2004; its original closing date of August 2007 has been extended to July 2008. The project has achieved many of its key outputs. Capacity building under this project is a fundamental element of the PRC-GEF Partnership on Land Degradation in Dryland Ecosystems,³⁶ which seeks to address land degradation and worsening desertification in northeast Asia. The partnership

³³ Since the data collected by SEF I and the RETA on the monitoring and information systems (footnote 30) was general data on the environment and geographic information systems, SEF II had to collect new data on environment performance assessment.

³⁴ ADB. 1998. *Technical Assistance Completion Report on the Subregional Environmental Monitoring and Information System*. Manila.

³⁵ ADB. 2005. *Technical Assistance for the Core Environment Program and Biodiversity Conservation Corridors Initiative in the Greater Mekong Subregion*. Manila (TA 6289-REG, for \$1.22 million, approved on 16 December). The GMS countries endorsed the Core Environment Program in July 2005 to address likely environment pressures from economic development in the GMS, particularly in economic corridors. An environment operations center was established in Bangkok to implement this program, among other tasks.

³⁶ The PRC-GEF Partnership is the first long-term collaborative effort in the world designed for addressing land degradation, using a cross-sector, cross-disciplinary, and cross-regional sustainable and integrated management framework. ADB initiated this effort by supporting the preparation of the country program framework through an earlier TA (ADB. 2001. *Technical Assistance to the People's Republic of China for the PRC-GEF Partnership on Land Degradation in Dryland Ecosystems*. Manila [TA 3657-PRC, for \$1.15 million, approved on 25 May]), approved without GEF financing.

program is a 10-year, three-phased plan (with \$1.5 billion for the three phases) to help the Government strengthen its enabling environment, improve operating arrangements, establish a monitoring and evaluation system, and implement pilot demonstration projects. The Government is financing the baseline cost (equal to \$6.1 million or 44% of total cost), while the GEF grant of \$7.7 million (or 56%) covers the incremental cost. The GEF grant is being administered by ADB, complemented by \$1 million from ADB's TA Special Fund. The project, considered as a hybrid loan,³⁷ is the first step in a series of projects³⁸ under phase 1 of the partnership (2003–2005). ADB is the lead development agency under the partnership, and has assisted with aid coordination.

18. The PRC-GEF Partnership is GEF's first long-term program for land degradation as well as the first time the integrated ecosystem management approach has been applied in the PRC. Through phase 1 activities, government officials and staff now recognize that land degradation cannot be addressed by any one sector, law, policy, or technology. The ensuing establishment of a highly functional management system, spanning several sectors, disciplines, and regions, with a complete set of implementation and information sharing measures, therefore represents an excellent model for emulation or extension. In fact, it served as a model for another ADB-GEF cofinanced project on land management in Central Asian countries (main text, Table 1). The capacity-building project assisted six PRC provinces in preparing some 74 project concepts to combat land degradation. The integrated ecosystem management concept is also reflected in certain policies and regulations³⁹ and was publicized broadly at the grassroots. More importantly, the partnership evolved as a global coordinator of land degradation prevention and control by conducting broad cooperation and exchange between government sectors at all levels and at least 14 international partners on financing, fund utilization, project implementation experience, and various technologies and methods to conserve soil and water. The review was facilitated by the identification of target outcomes in the TA report.

19. This capacity-building project supports six PRC provinces affected by desertification, prepare strategic plans for land degradation control, review policy and regulatory conditions, and support capacity for future investments. It is a highly consistent follow-up to ADB⁴⁰ and country⁴¹ efforts on land degradation. It also helps fulfill the PRC's commitment to the United Nations Convention to Combat Desertification (UNCCD). Not only are the six project provinces major sources of dust storms, they also cover 30 important ecosystems. The high-level

³⁷ It is an advisory TA financed by grant resources but prepared and administered through loan procedures, in order to give government maximum flexibility and responsibility.

³⁸ The other activities approved under phase 1 include the GEF-World Bank Gansu-Xinjiang Pastoral Development Project, as well as preparations for the GEF-ADB Ningxia-Yinchuan Integrated Ecosystem Management Project and the GEF-International Fund for Agricultural Development Dryland Ecological Conservation and Rehabilitation Project.

³⁹ For example, the revised national action plan to implement the United Nations Convention to Combat Desertification now focuses more on facilitating coordinated actions of government agencies. All project provinces incorporated the concept into their respective eleventh five-year programs. The Xinjiang government introduced the concept into its local regulations on the conservation of wild plants.

⁴⁰ ADB. 2000. *Technical Assistance for Combating Desertification in Asia*. Manila (TA 5941-REG, for \$250,000, approved on 29 September). This RETA supported the formulation and implementation of national action plans for arid, semiarid, and dry subhumid regions of nine countries in Asia (the five Central Asian republics, PRC, India, Mongolia, and Pakistan). Succeeding RETA projects then branched into two sets: one for the PRC and Mongolia (see discussion on dust and sandstorms in Appendix 4) and another for the Central Asian republics (see discussion on Central Asian Countries Initiative for Land Management, para. 20).

⁴¹ Since the mid-1990s, the Government had allotted considerable resources for the western region to protect infrastructure from shifting sands, through tree or grass planting, mountain and grassland closures, etc. The partnership's holistic approach is a radical departure from the PRC's historical experience based on a top-down approach with very limited coordination. The integrated ecosystem approach (defined as a holistic approach to addressing the links between ecosystem functions and services (like carbon uptake, watershed protection, etc.) and social, economic, and production systems, thus, recognizing that people and natural resources are inextricably linked) is highly compatible with the Government's new rural policies.

participation in the steering committee and central project coordination and management offices also reflects the importance of the partnership with the Government, possibly offsetting coordination risks from working with 11 government agencies and six provinces. Learning from the implementation issues of the previous TA projects where the consultant recruitment was delayed, this capacity-building project on land degradation hired individual consultants for efficiency reasons. Initially, the ADB project officer was located in Beijing but later he was transferred to Manila. Since this TA was concerned with planning, coordination, and reporting, the location of the project officer in Beijing would be more appropriate. The selected provinces lacked project implementation experience as well as resources for counterpart contributions, and this capacity building TA contributed to increasing the provincial government's efforts to undertake this work. The sustainability of the outputs must be assessed at a later date. Aside from project components that seek to formulate policies and regulations, the project design includes the enhancement of government capacity to support implementation of the country program framework for the duration of the 10 years, as well as the conduct of a feasibility study on establishing permanent integrated ecosystem management training.

20. Natural Resources and Poverty Alleviation Project. ADB approved this Afghanistan TA in December 2004; it is scheduled to be completed in November 2007. The project may only partly achieve its objectives given the ambitious design and limited capacity. According to the TA report, the original title focused on biodiversity management in response to the severe environmental degradation wrought by the war. However, this was changed to accommodate the poverty reduction component funded by the United Kingdom's Department for International Development (through the Poverty Reduction Cooperation Fund). Therefore, the TA gained two main components: (i) poverty reduction in the buffer zone of about six protected areas,⁴² financed by Department for International Development grants equal to \$810,000; and (ii) management of protected area parks, financed by GEF's \$975,000. The Government will invest \$122,000, for a total cost of \$1.9 million. The TA is consistent with ADB and country objectives, in terms of environmental and policy stocktaking based on the discussion of country environmental issues in the needs assessment exercise.⁴³ However, the needs assessment report discussed that "many forests were purposely cleared during the war years for security reasons, especially those adjacent to roads and other infrastructure." Given such uncertainty, a slower approach may have been better, by first developing a more strategic approach, building skills, and conducting biodiversity inventories⁴⁴ before investing in basic park infrastructure ecotourism and public awareness campaigns. Such an approach is also more realistic given the GEF resources approved for the TA and the geographic scope that covers six protected areas. The buffer zone development component appears to address the incentive problems more effectively than regulatory enforcement at this stage of the country's development. Moreover, the needs assessment report cautioned that environmental interventions should be done in a way that avoids overburdening the limited implementation capacity of Government. As of mid-2006, the management action plan for the Bandi-Amir protected area mainly focused on physical infrastructure including the repair of a dam, rehabilitation of a primary school and shrine, and construction of a ranger station and basic park facilities such as the entrance and parking lot. However, the project documents did not report on the skills training and microfinance facilitation to

⁴² The Pamirs in Wakhan, Bandi-Amir, and Ajar Valley in Bamiyan; Abi-estada and Dashte-Nawar in Ghazni; and Kole-Hashmat Khan in Kabul.

⁴³ These were documented in general terms in ADB. 2002. *Afghanistan's Environment in Transition*. Manila. These include poor irrigation practices, groundwater overextraction and pollution, hydropower development that results in land degradation, loss of forest cover, and overgrazing. Among the requirements cited were the need for a baseline environmental database and assistance to refugees and internally displaced people who will be returning to rural areas (to prevent them from degrading the environment).

⁴⁴ Consistent with activities 12.i, 12.ii, and 12.vi of the TA report.

be conducted under the first component, as well as the biodiversity mapping activities to be implemented under the second component. Information is lacking on the other five protected areas to be covered by the TA. While the action plan for Bandi-Amir did contain policy measures involving the banning of vehicles and motor boats from entering the lake area, these were presented to the communities in English, prompting the stakeholders to request translations.

21. Sanjiang Plain Wetlands Protection Project. This PRC project was approved in 2005 and is expected to be completed by 2010. The project is still at an early stage of implementation and administrative issues are being sorted out. Although outputs have been achieved in some components, little can be said about the achievement of outputs in components financed mainly by the GEF. The project has an upstream component mainly financed by ADB, which seeks to halt the contraction of the wetlands and forestlands in the Sanjiang Plains by rehabilitating the degraded forests in the upper watersheds. Under the downstream component financed mainly by the GEF funds, it aims to restore the wetlands' natural resources in the downstream areas. In addition, it aims to provide alternative livelihood to farmers and strengthen the capacities of local agencies. Therefore, the project supports the PRC's Farm-to-Forest Program of converting marginal farmland in the upper watersheds in the north into wetlands; the Agenda 21 Agriculture Action Plan of 1998 (which targets the establishment of 160 conservation zones to strengthen wildlife conservation); and the PRC's Biodiversity Conservation Action Plan and National Wetland Conservation Plan, both of which guide the conservation, use, and management of the Sanjiang wetlands. It conforms to ADB's 2003 country strategy of addressing land and water degradation, and improves on earlier ADB approaches by treating wetland protection and water resource management holistically at the watershed, rather than at the natural resource site. By improving the wetland habitat and wildlife management at the reserves, the project will support GEF's objective of increasing the population of globally endangered species.⁴⁵ More importantly, the project aspires to develop a model framework for dealing with root causes, although extending interventions to the river basin will happen only in later stages. To emphasize this, the project is required to build an exit strategy to strengthen viability and sustainability. The strategy would include the rationalization of water resource use addressing the draining wetlands to expand farmlands, groundwater overdraft for household or industrial use, as well as flood control measures that encroach on wetlands. The project design is ambitious in attempting to cover 13 counties and six nature reserves, thus mandating the setup of 19 project implementation units that may prove to be too unwieldy to supervise.

22. Central Asian Countries Initiative for Land Management and Central Asian Countries Initiative for Land Management Multicountry Partnership Framework Support Project. Based on the positive accomplishments of the PRC-GEF Partnership on Land Degradation, the Central Asian republics, GEF, and other development partners⁴⁶ asked ADB to develop a similar partnership for Central Asia. This RETA on the Central Asian Countries Initiative for Land Management or the CACILM design RETA,⁴⁷ was intended to prepare (i) the national programming frameworks for each of the Central Asian republics,⁴⁸ (ii) the CACILM partnership brief and supporting documentation required for GEF funding approval, (iii) mechanisms for

⁴⁵ Especially high-profile migratory waterfowl like cranes, storks, and swan geese.

⁴⁶ Particularly members of the Strategic Partnership for UNCCD Implementation in Central Asian republics, involving stakeholders like the multilateral and regional development agencies of the Global Mechanism of the UNCCD and bilateral partners like the Canadian International Development Agency, German Agency for Technical Cooperation, Swiss Agency for Development Cooperation, etc.

⁴⁷ ADB. 2005. *Technical Assistance for Central Asian Countries initiative for Land Management*. Manila (TA 6236-REG, for \$1.25 million, approved on 23 March).

⁴⁸ Composed of Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan. There is an overlap with the Central Asia Regional Economic Cooperation member countries (half of eight members are Central Asian republics), except Turkmenistan, which is not one of its members.

consultation and coordination within and between countries, and (iv) increased awareness and commitments by national and fund agency stakeholders. Approved in March 2005, this design RETA was expected to be completed in December 2006, but remains active. ADB administered \$1.25 million in project development facility grants from GEF (\$700,000), UNCCD Global Mechanism (\$50,000), and its own grant funds (\$500,000). The five participating governments provided a total of \$250,000 of counterpart funds.

23. The CACILM design RETA is very pertinent, following GEF's opening of a new operating program on land degradation in October 2002, and launching of the Country Partnership Programme for Sustainable Land Management in May 2004. It also constitutes an extension of ADB's 2000 assistance to combat desertification in Asia⁴⁹ and forms part of ADB's Central Asia Regional Economic Cooperation initiatives. The RETA assists the countries in implementing their national action programs committed under the UNCCD. The core focus RETA is to help formulate national programming frameworks for each country based on the contents of their respective action plans. These will then feed into the next step of drawing up the multicountry partnership framework, followed by implementation of the plans. The responsibilities under the CACILM design RETA were clearly and soundly delineated, taking into account that national capacities may not yet be strong. ADB is the lead agency for the CACILM design phase. The UNCCD working groups established in each country under the 2000 ADB RETA, which are attached to relevant government agencies, were tapped as the project coordinating units. The working groups were tasked with collecting and organizing information, coordinating with consultants, and facilitating workshops and government approvals.

24. Preliminary information suggests that this CACILM design RETA has the potential to achieve its objectives. The national programming frameworks developed embodied a 10-year program that provides the sequence of work and the required investment. These country frameworks were then linked and coordinated under the CACILM Multicountry Partnership Framework (CMPF).⁵⁰ Clear country and subregional objectives were established with concrete targets, indicators, and time frames. Based on the documents prepared under this CACILM design RETA, the GEF Council approved the CMPF in August 2006 as a programmatic approach with a 10-year horizon and an indicative amount of \$100 million in GEF resources for 2006–2015. Development agency interest in CACILM has also begun to increase, as indicated by the expanding membership in the Strategic Partnership for UNCCD Implementation in Central Asian republics, which ADB helped establish⁵¹ to facilitate financing of CACILM initiatives. In fact, a 2005 document reported that partners will be providing \$880,000 in parallel financing as additional resources for the CACILM design phase. The outcomes from the CACILM design RETA are expected to be sustained given the commitments to the CACILM programmatic approach from GEF and the participating countries, as well as the close integration with UNCCD implementation. The strategic partnership had also shown great interest and commitment in pursuing land management and, therefore, represents a rich source of technical and financial resources outside of the traditional network of GEF agencies, although the need to have a structured agenda for this strategic partnership was highlighted during a meeting of the global mechanism in February 2006. In addition, development partners noted the absence in the national programming frameworks of

⁴⁹ The completion report for this RETA (prepared in December 2006) stated that its completion date had to be extended several times to take advantage of opportunities for bridging the analysis required to maintain the momentum for CACILM's development. This RETA was instrumental in helping establish the Strategic Partnership Agreement for UNCCD implementation in the Central Asian republics, and the programmatic approach this partnership helped formulate is now recognized globally as a model for GEF programs.

⁵⁰ ADB. 2006. *Technical Assistance for Central Asian Countries Initiative for Land Management Multicountry Partnership Framework Support*. Manila (TA 6357-REG, for \$4.03 million, approved on 24 November).

⁵¹ In collaboration with the UNCCD project of the German Agency for Technical Cooperation and the Canadian International Development Agency.

many important areas to improve the enabling policy, regulatory, institutional, and incentive frameworks in the participating countries. The national secretariats would need to develop annual work plans that incorporate such reforms.

25. The CACILM Multicountry Framework Support is the first of 10 projects⁵² envisioned under the CMPF. This CMPF-supported RETA seeks to establish a 10-year coordinated program (2006–2016) of national and multicountry activities to improve institutional capacity (in terms of targeted subregional research, information and monitoring system, and knowledge management); and extract long-term and sustained financial and human resource commitments for sustainable land management. It is pertinent for the same reasons outlined for the CACILM design RETA. The CMPF design defines the organization structure of the CACILM Implementation. In each country, a national coordination council will be established.⁵³ National secretariats will be established to support the national coordination councils.

26. The February 2006 meeting of the development partners acknowledged that while the CACILM objectives are clear at the strategic level, they are more complex at the operating level because of each partner's different financing instruments.⁵⁴ At the time of RETA approval, letters of support were received from cofinanciers and parallel financiers for direct support to the national multicountry secretariats. The RETA will also support two activities to be implemented by Food and Agriculture Organization and International Center for Agriculture Research under contract to ADB. Both these two institutions are providing additional financing for these specific activities. Since this RETA was approved in November 2006 and is due to be completed in September 2009, it is too early to comment on the progress in achieving outputs and outcomes.

27. **Integrated Coastal Resources Management Project.** This project in the Philippines received informal GEF approval as early as 2004⁵⁵ and preparatory activities⁵⁶ were completed in October 2005. However, loan processing was delayed because of the Government's fiscal constraints. The loan was finally approved in January 2007 and will be implemented over 6 years. Financing is provided by ADB (\$33.8 million loan), GEF (\$9 million grant), central Government (\$8.7 million in loans and grants to the project municipalities), and local governments and beneficiaries (\$10.8 million in equity contributions). The delay may have been favorable, given the recent issuance of an executive order adopting integrated coastal resource management as a national strategy and mandating the executing agency to develop a national program to implement it. Thus, the project is more pertinent now than it was 3 years ago.⁵⁷ The project seeks to (i) develop an institutional framework⁵⁸ for integrated coastal resources management and address policy weaknesses and legal gaps, (ii) protect and manage coastal ecosystems in six priority biodiversity corridors and marine ecosystems, (iii) reduce the reliance of coastal communities on fishing by promoting livelihoods and enterprises, and (iv) address the basic social services of poor coastal communities to mitigate coastal pollution and resource

⁵² The first phase of CACILM as approved by the GEF Council has 10 subprojects, with eight at the national level and two at the multicountry level.

⁵³ These national coordination councils replace the UNCCD national working groups.

⁵⁴ CACILM Multicountry Partnership Framework Submission for the Council.

⁵⁵ GEF had to reapprove the grant in December 2006 under its resource allocation framework guidelines.

⁵⁶ Done under ADB. 2001. *Technical Assistance to the Republic of the Philippines in Preparing the Integrated Coastal Resources Management Project*. Manila (TA 3692-PHI, for \$933,000, approved on 2 August).

⁵⁷ The project was instrumental to getting the Executive Order on integrated coastal resource management.

⁵⁸ For rationalizing government policy and improving coordination mechanisms, clarifying roles of national government and local government units, strengthening institutional capacity, and developing a performance-based incentive and disincentive system for local governments.

degradation. These are consistent with the Government's medium-term development plan⁵⁹ and are also aligned with ADB's objectives not just for the environment but also for building capacity for local government units and promoting good governance. The project design is holistic, extending from policy formulation to enforcement to increasing awareness, and even to the reforestation or rehabilitation of watersheds to address sedimentation on coral reefs. For activities that will be implemented by municipalities,⁶⁰ the channeling of the loan proceeds and national Government support through the Municipal Development Fund Office will ensure the timely release of funds. The local governments will play a key role in implementing the project, especially in the preparation of integrated coastal resource management plan for each municipality. Given the multifaceted nature of the project, it needs to take time to build institutional and community capacity.⁶¹ Emphasis needs to be placed also on activities related to enforcement of coastal resource management laws and regulation with the direct involvement of local government units and coastal communities.

⁵⁹ The plan specifically emphasized (i) delineation of coastal zones for protection, exploration, and utilization; and delineation of municipal waters in coastal areas; (ii) rehabilitation and management of mangrove and coastal watersheds; and (iii) establishment and management of marine protected areas in cooperation with local government units.

⁶⁰ Mainly relating to the project component to provide social and environmental services and facilities.

⁶¹ It should draw lessons from holistic projects that have been evaluated in this report.

REPRODUCED FROM ORIGINAL REPORT

JOINT EVALUATION OF THE GEF ACTIVITY CYCLE AND MODALITIES

1. Main Findings, Conclusions, and Recommendations

In support of its mission to achieve global environmental benefits, the Global Environment Facility (GEF) has committed over \$6 billion in grants to more than 1,800 approved projects in 140 countries since 1992.¹ This includes \$5,537 million for 716 full-size projects (FSPs), \$267 million for 326 medium-size projects (MSPs), and \$330 million for 821 approved enabling activities. Additionally, preparatory resources worth almost \$90 million have been allocated to develop proposals for FSPs and MSPs that have not yet received approval.

From the outset, the GEF has operated with three Implementing Agencies (IAs): the World Bank, the United Nations Development Programme (UNDP), and the United Nations Environment Programme (UNEP). In 1999, the GEF Council designated seven other agencies—the Asian Development Bank (ADB), the African Development Bank (AfDB), the European Bank for Reconstruction and Development (EBRD), the Inter-American Development Bank (IDB), the Food and Agriculture Organization of the United Nations (FAO), the International Fund for Agricultural Development (IFAD), and the United Nations Industrial Development Organization (UNIDO)—as Executing Agencies (ExAs) with access to GEF resources. In 2003, the GEF Council approved the current ExA arrangement whereby the four regional development banks (ADB, AfDB, EBRD, and IDB) can submit proposals directly to the GEF Secretariat; the United Nations (UN) agencies (FAO, IFAD, and UNIDO), which have indirect access to GEF resources, can submit proposals in some focal areas through one of the three IAs.

1.1 The GEF Activity Cycle and Modalities

The bulk of GEF support has so far been provided through projects, based on submissions of proposals from countries through the IAs and ExAs (collectively referred to here as *Agencies*). The identification, preparation, and implementation of GEF projects take into account GEF criteria and policies, GEF and Agency policies and procedures, advice from the GEF Scientific and Technical Advisory Panel (STAP), global environmental conventions, and national needs and priorities.

In practice, GEF requirements are superimposed on the standard project cycles of each of the Agencies. (Projects also go through an approval process in the recipient country.) Agency cycles have five common phases: concept development, preparation, appraisal, approval and supervision, and completion and evaluation. What is referred to here as the *GEF Activity Cycle* is essentially these five phases along with the various GEF decision points.

The most significant GEF *modalities*—vehicles for disbursing funds—are full-size and medium-size projects, with their associated project development facilities (PDFs). Other GEF modalities include enabling activities and such variations as national capacity self-assessments,

programmatic approaches, targeted research, umbrella projects, and phased and tranced projects, as well as project variations supported by special funds.

The GEF Activity Cycle is widely regarded as complex, long, and costly. Almost since the GEF began, the need to streamline and simplify the cycle has been highlighted by numerous evaluations, the overall performance studies, the GEF Council, and many of the GEF's partners and stakeholders. Recent GEF replenishment negotiations emphasized that the GEF should be "making its processes more expeditious, streamlined and efficient" (GEF 2002k, paragraph 19). Until now, however, the proofs of underperformance presented to the Council in various evaluations and other documents have been only partial, and stakeholders have therefore expressed a need to better understand the underlying causes. This evaluation was thus welcomed by all partners in the GEF as a means of presenting a full overview. An Executing Agency proposed the idea for the evaluation, which was subsequently funded as a special initiative by the GEF Council and supported by the GEF partner Agencies as a joint effort. The evaluation was broadened to include modalities, since the cycle differs depending on the GEF modality used and because of the perceived complexity in the range of GEF programming modalities.

1.2 Scope and Methodology

The objective of this evaluation is to help improve the effectiveness, efficiency, and cost effectiveness of GEF operations. The evaluation aimed to

- demonstrate the strengths and weaknesses in the GEF Activity Cycle and modalities and identify the contributing factors;
- identify and analyze the constraints that need to be addressed to improve efficiency in GEF operations, including possible changes in procedures and systems;
- provide recommendations to increase the efficiency and effectiveness of GEF operations and modalities.

The evaluation has given particular attention to two areas of concern: (1) the early phases of the Activity Cycle, from concept identification through preparation, appraisal, and approval to project start (this last is also called *project effectiveness*); and (2) the FSPs and MSPs, which absorb most of the financial resources. The parties also agreed to focus in-depth analysis on projects approved in the GEF-3 replenishment period, closed projects from GEF-2, and all jointly implemented projects, as these are the most recent and relevant projects and have reliable data. The evaluation also analyzed the impact on the cycle of the GEF's increase in scope and complexity over time, which generally corresponds to the GEF replenishment periods.

The evaluation methodology included reviews of key documents (including the policies and regulations of the GEF and the Agencies, as well as previous evaluations), partner and stakeholder interviews, a stakeholder survey, and exploratory studies within selected partner Agencies of harmonization and simplification opportunities and alternative aid delivery modalities. Field work was undertaken in 18 countries.

Existing GEF and Agency information systems were unable to provide reliable data on the time projects spent moving through different phases of the Activity Cycle, a basic information requirement for this evaluation. To develop usable data as a basis for analysis, the evaluation therefore designed and assembled a database reflecting the situation in the GEF as of January 1, 2006, for the full universe of GEF projects and proposals (1,926) with basic project parameters. GEF projects do not all follow the same trajectory in the cycle. While all projects are approved at work program entry, the point of origin of project ideas is not available. The database therefore captures the milestone dates of GEF decision points as projects progress from, where applicable, pre-pipeline identification, PDF-A approval, pipeline entry, or PDF-B approval to project start.

The data concerning elapsed times, effectiveness of projects moving through the cycle, and value added at the various stages have been grouped according to the replenishment period in which projects were approved. This perspective is justified on two grounds: first, the cycle differs by replenishment period in terms of steps, requirements, and criteria. Second, each replenishment period has its own specific policy goals within the framework of the GEF's overarching goals, as established by the GEF's *Instrument for the Establishment of the Restructured Global Environment Facility*. In other words, the Council and the GEF Chief Executive Officer (CEO) need to be able to see how old the project proposals are that they are asked to approve, how these proposals went through their respective formulation phases, how they added value on the way, and how they fit into the goals of the current cycle. This perspective is more relevant to the GEF Council and CEO than starting from the actual origination of project ideas.

The evaluation considered the possibility that longer preparation times may result in higher quality projects. Quality is difficult to measure as GEF proposals are being developed, however, especially as there are no systematic or quantitative mechanisms for quality assurance during the project development process. The evaluation therefore used the application of the GEF operational principles—which cover incremental costs for global environmental benefits, country ownership, cost effectiveness, flexibility, full disclosure, public participation, catalytic role, and monitoring and evaluation (M&E)—as a proxy for project quality.

Led by the GEF Evaluation Office, this evaluation was conducted jointly by the Agencies' evaluation offices, supported by the GEF coordinating units of these Agencies as well as the GEF Secretariat. The GEF Evaluation Office has also conducted a parallel evaluation to assess the experience of the seven ExAs with regard to GEF cooperation and project development and implementation (see GEF EO 2007a).

1.3 Main Findings and Conclusions

Before presenting the substance of the findings, it should be noted that this evaluation does not identify one primary cause or party responsible for the underperformance of the Activity Cycle. This underperformance is caused by a multifaceted set of issues, linked to a complex series of events and involving many, if not all, actors in the GEF. There is no scapegoat and no quick fix.

The evaluation found that disclosure of information and transparency in the GEF has been uneven both to management and to stakeholders. The GEF information management systems

have not been reliable in generating information on project status and elapsed time, and reporting on this subject has not been systematic or fully transparent. Hence, it has been difficult for stakeholders to do anything but complain about the complexity in an uninformed way, and impossible to ascertain accountability for delays and negative effects. There are clearly significant opportunities to expedite the Activity Cycle by sharing information on projects under preparation in a more consistent and timely way, yet there is no certainty that this is being adequately addressed.

Based on the GEF Evaluation Office's 2004 *Annual Performance Report* (APR) and its Costa Rica Country Portfolio Evaluation (GEF EO 2006a and 2007c), the Council reiterated in June 2006 its decision of the previous year that "the transparency of the GEF project approval process should be increased" (GEF Council 2006a, paragraph 11) and asked the GEF Secretariat to reinforce its efforts to improve this transparency. The Secretariat was also asked to take steps to improve the information mechanisms in the GEF to make essential operational information available at the national level. These recommendations remain urgent. The main areas where transparency is lacking regard key GEF policies, strategies, and programming criteria; and management tracking of project progress and status. Also, transparency on operational policies is lacking, especially regarding GEF eligibility and procedures. For example, access to the GEF "Operations Manual" remains limited to the GEF Secretariat.

The findings of this evaluation are strongly interlinked. If the GEF Activity Cycle is not effective in producing new projects, it is by definition inefficient for the projects that were dropped or canceled along the route to approval or project completion. However, cause and effect are by no means certain: Is the cycle ineffective because it is inefficient? Or is it inefficient because it is ineffective? Is there a lack of value added because of the inefficiencies in the cycle, or is the lack of value added a root cause for the inefficiencies? Is the GEF out of date because the cycle is ineffective and inefficient, or is the cycle ineffective and inefficient because the GEF is out of date?

It is important to state that the evaluation did not find any significant causal relationships among the four areas of cycle effectiveness, efficiency, cost effectiveness, and modalities. No single key reason emerges for the ineffectiveness and inefficiency of the cycle, or for why projects are not in line with the modern modalities that the GEF Agencies employ. Rather, there are many mutually reinforcing factors that together produce the cycle as it currently exists. It is the sum of the parts that leads to serious concerns. Moreover, despite the seriousness of the findings on elapsed time and its negative effects, no action has yet been taken to remedy the situation.

Findings

Finding 1: The GEF Activity Cycle is not effective and the situation has grown worse.

For the purposes of this evaluation, the objective of the Activity Cycle is to produce projects, preferably good projects, in a timely manner. A cycle can be considered effective if it achieves this objective and its various phases produce their respective outputs such as concepts for the identification phase and project documents by the development phase.

The GEF cycle is not effective in producing projects in a timely manner. At each cycle phase, outputs are either not produced, or the GEF takes a long time in reaching a decision to clear the project to move to the next phase. This practice has implications for the age of the GEF portfolio. For example, 46 percent of the FSP proposals that have entered the pipeline since 1992 have yet to begin, meaning that projects can take up to three years from concept to project start. Twenty-five percent of the projects that have recorded pipeline entry dates in GEF-1 (that is, before 1999) are still active.

The proposals that are presented for approval during a given replenishment period are ever more frequently from an earlier period. Table 1.1 shows that 27 project proposals dating from GEF-1 came up for approval in GEF-2. Sixteen of them were approved in that period, and 11 were carried over into GEF-3; during that period, 166 projects dating from GEF-2 were still under consideration. Although a large number of new ideas were entered into the pipeline during GEF-3 (320 project proposals), the majority of approvals in this period (132) dated from GEF-2. The approval rate of GEF-3 shows an improvement compared to GEF-2—48 percent compared to 41 percent—but this is because of the high level of approvals in GEF-3 for GEF-2 proposals. A large number of projects (259) still await approval and could pre-determine the early approvals in GEF-4, which would contain 2 leftover ideas from GEF-1, 34 from GEF-2, and no less than 223 from GEF-3. This backlog must have an effect on the innovative and catalytic nature of the GEF.

Table 1.1

Cumulative proposals and approvals by GEF replenishment period

Replenishment period	Proposal status	GEF pipeline			Total	
		GEF-1	GEF-2	GEF-3	Number	Percent
GEF-1 (1995–98)	Proposal	62			62	100
	Approval	35			35	56
GEF-2 (1999–2002)	Proposal	27	271		298	100
	Approval	16	105		121	41
GEF-3 (2003–06)	Proposal	11	166	320	497	100
	Approval	9	132	97	238	48

Note: Only concepts with recorded pipeline dates are included. Table includes concepts that are currently PDF-B (175), pipeline (82), and pending (2). Pilot concepts (17) and concepts that are pre-pipeline or were dropped before work program entry or rejected before pipeline entry are not included; 325 post-pipeline concepts without dates are also excluded.

The Activity Cycle is becoming less and less effective in the timely production of new ideas for implementation. Table 1.2 shows that the proportion of new ideas in each replenishment period has decreased. Whereas in the GEF-1 period, 56 percent of approvals concerned new ideas (35 out of a total of 62 proposals); in GEF-2, 35 percent concerned new ideas (105 of 298 proposals);

in GEF-3, the ratio of new to total proposals had gone down to 19 percent (97 out of 497). The proportion of new ideas approved versus new ideas proposed has also decreased over time (see table 1.1), from 56 percent in GEF-1 (35 of 62) to 39 percent in GEF-2 (105 of 271) and 30 percent in GEF-3 (97 of 320). The GEF-3 percentages will improve slightly over time, but will not reach the GEF-2 level.

Table 1.2

Proposals approved within a given replenishment period

Replenishment period	Proposals submitted	Proposals approved	Percent approved
GEF-1	62	35	56
GEF-2	298	105	35
GEF-3	497	97	19

The low cycle efficiency implies that the GEF is not effective in leading projects through the full Activity Cycle. After 16 years of the GEF, 210 FSPs are recorded as complete—that is, the ratio of completed projects is 16 percent of all 1,292 FSP proposals. The completion rate for earlier GEF replenishment periods is, of course, higher (for example, 46 percent for GEF-1 FSPs). While there are no established standards for completion rates of a portfolio, this low completion rate suggests a relatively limited pool of completed projects from which lessons learned can be generated and impact can be expected.

The evaluation found that the average elapsed time during implementation is not a major cause of concern. For 191 closed FSPs, the expected duration for implementation was 47 months (4 years), with an average overrun of 9.2 months. However, the implementation periods are not commensurate with the preparatory phases. When considering the entire life-span of the closed projects from pipeline entry to actual closing, 43 percent of the projects' life-span was spent in pre-implementation (that is, being prepared).

Not all projects in the cycle will finish. A total of 238 projects and proposals have been dropped, aborted, or canceled, for a ratio of rejected to total FSP proposals of 18 percent. Fifty FSPs have been canceled during implementation (3 percent of all proposals) for various project-specific and justifiable reasons. On the one hand, a certain proportion of dropped and canceled projects is to be expected if the project is a risky undertaking, and could be a sign of cycle effectiveness in weeding out undesirable projects. On the other hand, the evaluation found that the length of the cycle stages until project start leaves GEF proposals more vulnerable to changing circumstances and priorities. For example, 109 of the project rejections (46 percent) occurred before pipeline entry, which seems higher than common practice. PDF resources

worth almost \$16 million were allocated to proposals that were subsequently dropped or aborted before approval.

The effectiveness of the cycle must also be considered in light of its underlying objective—that is, that it should be producing good projects. The GEF invests considerable effort and funds into the development of proposals, through PDF-A, -B, and -C funding and numerous checkpoints for appraisal and approval, with the expectation that projects entering the pipeline should have a reasonable chance of approval. It does not operate under a foundation model with open and transparent competition for funding proposals, and a consequently low rate of approval.

What would a reasonable chance of implementation be? The GEF-4 replenishment policy recommendations accepted the possibility that 25 percent of projects would not perform satisfactorily. However, it would seem reasonable that the norm for satisfactory outcomes could be translated into a similar norm for the Activity Cycle: 75 percent of project proposals should lead to implementation. Less than 40 percent of proposed projects had started implementation by January 2006. Future changes are uncertain given the new pipeline management mechanisms under GEF-4.

Finding 2: The GEF Activity Cycle is not efficient and the situation has grown worse.

The evaluation found that the average length of the Activity Cycle—the time needed for a project to be identified, prepared, approved, and launched—increased for projects approved during each of the last three GEF replenishment periods.

Given the long queue of projects being processed at every stage of the cycle, a significant number of GEF projects are moving slowly through the cycle. This trend becomes more pronounced when projects use GEF preparatory resources. FSPs approved during GEF-1 took an average of 36 months to move through the full cycle from approval for PDF-A funding for concept development until project start. This already lengthy preparation time increased to 50 months for GEF-2 projects and to 66 months for GEF-3 projects (see table 1.3).

Table 1.3

Average elapsed time from PDF-A approval to project start (as of January 2006)

Replenishment period	Number of months	Number of FSPs approved
GEF-1	36	17
GEF-2	50	15
GEF-3	66	12

This trend is well known, although not in quantified form: According to the survey conducted for this evaluation, 74 percent of 289 stakeholders felt that the GEF cycle duration compares unfavorably with that of other donors. Agencies try to reduce elapsed time by skipping the PDF-A phase and entering proposals directly into the pipeline. The relevant period is then pipeline entry to project start, which increased from 37 months for GEF-1 to 42 months (3.5 years) for GEF-3 (see table 1.4).

Table 1.4

Average elapsed time from pipeline entry to project start (as of January 2006)

Replenishment period	Number of months	Number of FSPs approved
GEF-1	37	36
GEF-2	39	90
GEF-3	42	110

The main growth in elapsed time is found before project approval, for concept review, formulation, and appraisal. The overall elapsed time for GEF-3 is deflated, because Agencies use, of course, other sources or their own time and energy to substitute for the PDF-A phase. The GEF does not record the dates for concept development by the Agencies or project proponents without PDF funding. But if an optimistic figure of no more than 5 months for concept development without PDF-A is assumed (that is, less than PDF-A time in GEF-1), the average time to project start in GEF-3 would increase from 42 to 47 months.

Many projects approved in GEF-3 have not yet completed the cycle to project start. The figures in tables 1.3 and 1.4 present the elapsed time situation as of January 2006. When taking account of elapsed time until October 1, 2006, for 90 projects that are still awaiting final approval for project start, the updated estimate of average time from pipeline entry to project start increases to 44 months for projects approved during GEF-3 (see table 1.5). This is a *low* estimate; many approved GEF-3 projects have not yet started, which means that time for them continues to pass. (The times for GEF-1 and GEF-2 remain constant.) Again, including a concept development phase without PDF-A would bring the average time for project start in GEF-3 from 44 months to 49.

Table 1.5

Average elapsed time from pipeline entry to project start (estimated to October 2006)

Replenishment period	Number of months	Number of projects
GEF-1	37	36
GEF-2	39	95
GEF-3	44	200

For MSPs (projects up to \$1 million), the total cost of approved projects is roughly 8 percent of that for FSPs, but the preparation time averages 60 percent of that for FSPs. This implies that each dollar committed to an MSP takes four times the preparation effort of an FSP. Not surprisingly, this has discouraged Agency staff as well as many country stakeholders from pursuing this type of project, despite indications by the 2001 MSP evaluation (GEF EO 2001) that they generate positive impacts.

The elapsed time for approved projects is path dependent, which means that it depends on the process by which each project arrives at various decision points. This evaluation notes that elapsed time is exacerbated due to the shifting, and often increased, GEF requirements over successive periods: already delayed proposals are subjected to further reprocessing so that they meet new requirements. Delays in processing GEF projects are primarily due to the following structural and institutional constraints.

- **Increasing GEF complexity.** The progress of projects through the GEF Activity Cycle has been impeded in a variety of ways as the GEF has become more complex. Contributing to this complexity has been a broadening of the GEF network of diverse stakeholders; an increase in cycle phases, steps, and requirements for projects; growth in the number of modalities used from 1 primary modality to more than 14; the introduction of new substantive dimensions such as focal areas and strategic priorities; and constant evolution of interpretations of definitions and key concepts.
- **Duplication and lack of synchronization in the cycle.** This factor stands out as the most important with regard to elapsed time. Poor connections between the time-bound GEF decision points and the Agency cycles are a major cause of delays and inefficiencies. The GEF steps of concept phase, PDF formulation and approval, and Council and CEO approval are *additional* and disruptive to the flow of the Agencies' regular cycles. The front-loading of GEF design requirements in the cycle compounds the disconnect, and is accompanied by repetition and efforts to fit these elements into the design later.
- **Additional burden of GEF procedures.** GEF procedures—such as cofinancing letters, analysis of incremental costs, GEF-specific formats and summaries, application of the GEF

operational principles, and additional GEF reviews—represent significant add-ons to the requirements of Agencies' existing project cycles. Consequently, GEF projects take longer than Agency standards in all phases before the project starts.

- **Gatekeepers.** Project proponents must navigate a chain of gatekeepers in order to have their projects approved, with proposals often returned for reformulation. Not all of these gatekeepers apply the frequently changing GEF principles and policies in a consistent manner, resulting in interruptions to the Activity Cycle with little gain. The project preparation process is therefore iterative and inconsistent, and proposal proponents face considerable uncertainty. Project appraisal is subject to delays due to multiple—and often duplicative—reviews, necessitating extensive discussions and correspondence on project document eligibility, design, and content.² Moreover, despite the rigorous requirements and increasing appraisals, projects still arrive at the GEF Council to be rejected or subject to additional reformulation.
- **Project- and Agency-specific circumstances.** Elapsed time is affected by project-specific circumstances and Agency project cycles, the nature of the GEF projects, and local circumstances, but these cannot consistently account for the overall increase in elapsed time. There is no dominant pattern in linkages between elapsed time and complexity in focal area, regions, country circumstance, or budget size. Any inefficiency in an Agency cycle step tends to balance out over time by compensating strengths in other steps of the cycle, so no internal Agency cycle step is a consistent bottleneck. In short, some outlier projects take a long time while others take a short time. There is potential to gain efficiency; for example, 17 projects pipelined in 2005 were approved in 2006 in an average of eight months.
- **Lack of trust.** Compounding these factors, the evaluation noted a significant lack of trust among the GEF partners, notably the GEF Secretariat, the Agencies, and the Council. While some degree of mutual skepticism might have been expected initially in such a novel and complex undertaking as the GEF, it seems regrettable that such mistrust persists after a decade and a half. Despite all the detailed policies and procedures put in place, together with the evident growth in capacity of the Agencies and the GEF Secretariat over this period, duplicative review and micromanagement are still apparent throughout the system.

Finding 3: The GEF Activity Cycle is not cost effective.

Given the relatively long GEF Activity Cycle, the evaluation considered the possibility that longer preparation times were resulting in higher quality—well-designed and highly successful—projects. If so, are the delays and efforts for GEF projects justified and acceptable because projects are of corresponding high quality?³

Longer preparation time has not resulted in better projects. The analysis shows no relationship between the time spent by project proposals in the Activity Cycle and subsequent performance ratings either during project implementation or after project completion. This finding has two implications: (1) there is no proof that weak proposals take longer to formulate and cause delays, and (2) the additional time proposals spend going through the GEF Activity Cycle does not lead to

more successful projects within the GEF portfolio. The long periods of preparation, appraisal, and approval cannot be considered cost effective if they make no notable difference to performance.

The analysis suggests that the additional GEF documentation, review, and approval requirements do not add to the quality of the portfolio. For example, information on portfolio performance indicators for the World Bank's GEF program are generally at the same levels as for the Bank's non-GEF projects (see box 1.1).

Box 1.1

World Bank Portfolio Performance Indicators, FY 2006

- **Projects at risk.** 12 percent for GEF; 14 percent Bank-wide
- **Ratings of satisfactory outcome.** 86 percent for closed GEF projects assessed between 2003 and 2006; 82 percent Bank-wide
- **Likelihood of sustainability.** 71 percent for closed GEF projects assessed between 2003 and 2006; 85 percent Bank-wide

Source: World Bank GEF Coordination Team.

Furthermore, the GEF's internal cost effectiveness is decreasing, since the cycle now takes more time and effort than it used to with similar budgets, results, and scope. There is room for gains in achieving better or the same results with less resources in terms of money and time.

GEF projects continue to experience the same design and implementation challenges as other aid projects. For example, past project performance reviews (PPRs) and APRs identified several issues regarding project formulation, including overly ambitious and complex design, failure to assess underlying problems or risks sufficiently, and weak planning for sustainability and replication. The 2004 International Waters Program Study found that "Inadequate project design has been a problem cited in a number of project midterm and final evaluations" (GEF EO 2004c). The 2005 APR established that only 58 percent of projects comply with GEF Council expectations on M&E arrangements at the point of CEO endorsement. There are also examples of projects proposed for work program entry that appear to be outside the expected technical area or comparative advantage of a particular Agency.

Qualitative assessments, including the recent Evaluation of Incremental Cost Assessment undertaken by the GEF Evaluation Office (GEF EO 2007b), show that considerable energy is spent on obtaining quality on paper but with limited value added in substantive terms. Such "paper evidence" includes the required project document annex on incremental cost analysis and the quest for cofinancing letters. This evaluation visited several project proponents who had obtained 22 or more letters—and still their projects were not approved. Moreover, the team heard, during its field visits, that "Some comments received for the proposal and project appraisal from the GEF Secretariat were more related to the writing style and language and not to the content or

substance of the proposal” and that “ideas received” from the GEF Secretariat “are often completely out of place.”

A universal complaint is that the focus on correct GEF language calls for the use of external experts—called “GEF gurus” by some—which represents a barrier to quality elements of national ownership and drivenness. A Mexican stakeholder expressed it succinctly: “It seems that GEF projects...have to go back and forth to get the right words.”

Cycle cost effectiveness is further reduced by the fact that cycle delays tend to cause a number of negative effects. One observation made by a survey respondent captures a widely held view: “As the rules became stricter, the stages from concept development, project preparation, and project appraisal tend to drag, resulting in the withdrawal of good proposals by proponents who could not afford to wait, and lost opportunities for government ownership.” The long process in formulation until approval often reduces the quality of the project by making it outdated by its start. The GEF procedures on resubmission in case of changes discourage redesign to secure project quality. One result of delays in appraisal and approval is the gap, often up to 18 months, between the completion of PDF-financed project preparation and the beginning of implementation. This gap makes for a critical disruption for project staff in recipient countries, as the GEF does not permit the use of resources after Agency approval until project start.

The GEF Council has responded to growing concerns about the length and complexity of the Activity Cycle by encouraging simplification, better coordination, and the imposition of strict time limits. However, the Council has not yet indicated that the technical standards of project preparation, appraisal, and approval should be relaxed or the barriers to entry lowered to offset the increasing complexity of and demands on the cycle.

Finding 4: The GEF modalities have not made full use of the trends in its Agencies and partner countries toward new forms of collaboration; fostering ownership; and promoting flexibility, efficiency, and results.

The GEF has seen a recent proliferation of new types of modalities, including special funds as well as new and overlapping terms and practices for existing modalities. These various mechanisms include programmatic approaches, umbrella projects, the targeted portfolio approach, corporate programs, phased and tranching projects, country programs and programming frameworks, subprojects, partnership approaches, and various financial and disbursement mechanisms. The growth in modalities is linked to the inability of the regular Activity Cycle to respond efficiently and flexibly to different needs—and has led to confusion among stakeholders, misunderstandings between partners, and concern on the part of the Council. There is a need for greater clarity by the GEF in terms, definitions, application, and policies regarding different types of projects and modalities.

Countries need the GEF to facilitate long-term vision and programming in line with the nature of global environmental benefits, the Resource Allocation Framework (RAF), donor harmonization practices, and country priorities. Exemplifying the desire for such long-term support, country visits and stakeholder consultations revealed strong demand for programmatic frameworks, umbrella

projects, and tranching and phased projects. The evaluation found that these are useful tools that should be pursued by the GEF in a more systematic and coherent manner.

Lessons Learned from Previous Efforts to Streamline and Simplify

Streamlining efforts have had limited impact. The GEF's growing complexity has not been mitigated by the discontinuation of any significant steps or requirements in the Activity Cycle. The analysis shows that virtually none of the several attempts made since 1998 to reform and simplify GEF procedures have made a notable difference in expediting the Activity Cycle. For example, although the CEO endorsement for MSPs has shortened the MSP cycle, this still remains long compared to Agency cycles for similar and larger projects. Evaluations, most recently the 2005 Third Overall Performance Study (OPS3) and the 2005 APR, continue to highlight concerns on the time it takes for a GEF project to begin implementation. This suggests that the potential time savings to be gained by refining current procedures have limited prospects for delivering significant improvements without more fundamental changes in the way that the GEF does business.

It is now clear that many of the expectations and claims made by earlier GEF cycle reform efforts within both the GEF Secretariat and the Agencies were not based on a full appreciation of the underlying problems. As a result, their expectations tended to be overly optimistic, and underlying institutional incentives were given relatively little attention. Moreover, most efforts toward streamlining in the GEF have resulted in *additional* requirements designed to mitigate the negative impacts of existing requirements.

1.4 Recommendations

Recommendation 1: No easy fix will improve the Activity Cycle—what is needed is a radical redrawing of the cycle, maintaining the quality and attributes for GEF funding.

The excessive length of the GEF Activity Cycle has left all stakeholders frustrated while eroding the GEF's credibility as an attractive partner to work with to support the global environment. Moreover, there is a perception among partners that the situation is deteriorating, and disappointment that attempts at remedies have failed in the past. GEF cycle management is lagging behind international good practice, and ultimately impedes the achievement of impact since it is taking longer and longer to make projects operational on the ground. In an increasingly competitive environment for resources, public sector agencies need to clearly demonstrate important development results with positive effects to decision makers and beneficiaries. The success of the GEF-4 replenishment period and the RAF will depend, in part, on the mechanisms that are developed to enable the GEF to provide timely support.

Were the GEF Activity Cycle to be developed from scratch today, it seems inconceivable that anything resembling the current system would be proposed. The time for adjustments or fine tuning has passed. Now there is a need for an overhaul, to wipe the slate clean and rethink the cycle with the overarching goal of keeping it short and increasing transparency and predictability as well as decreasing transaction costs. The GEF needs sufficient flexibility to address the

changed context of international cooperation and support global environmental benefits in a dynamic manner.

Fortunately, the GEF operational context that guided the original design of the Activity Cycle has changed since 1991. Several recent developments lay a foundation for a new way of doing business and point to solutions that go beyond tinkering with the cycle as it functions today. The institutional framework now contains mechanisms for oversight and validation, broadened capacity among partner Agencies, extensive experience with GEF project development, a renewed focus on national ownership and endorsement, and an increased emphasis on targets and indicators. Furthermore, the increase in cofunding shifts the GEF's role from that of the lead partner drawing attention to global environmental benefits to a relatively minor financier of support; this shift means, as one stakeholder expressed it, that the GEF can no longer insist on "calling all the shots." All these elements require a fundamentally different approach in the cycle.

The evaluation itself cannot redefine the Activity Cycle. However, it can formulate principles to guide this effort and propose a few key decision points in a new cycle. The following principles can be applied under the banner of overall simplification.

- **Consistency with the GEF Instrument** regarding operational modalities. There is a need to go back to the fundamental intentions behind GEF management, which have been diluted over time. On GEF projects, the *Instrument* prescribes endorsement by the CEO before final project approval, provided it is consistent with the *Instrument* and GEF policies and procedures (GEF 2004i, section VII).
- **Employing the comparative advantages of the different parts of the GEF system**, including the Council, Secretariat, recipient countries, Agencies, STAP, and Evaluation Office, as appropriate, at the various points in the cycle. The number of partners and changed roles, increased project and context complexity, and increase in procedural requirements have not only led to duplication of effort, but also to gaps that need to be filled. The increasing complexity and growing portfolio call for an increased focus by the Council—as well as the GEF Secretariat—on strategy and policy, portfolio monitoring, and program results verification. Since 1991, awareness of environmental issues, capacity in addressing GEF concerns, and project management experience have all increased among the GEF partners. The evaluation has also identified strides in simplification of Agency operations systems and has found that the Agencies have policies or requirements that are compatible with the main GEF operational principles. There is significant scope to use certified Agency systems for operations and design that would enhance efficiency and effectiveness. The national partners are assuming new responsibilities for greater ownership and participation. The STAP has proposed reforms to increase its relevance to project quality. All these partners must be empowered to fulfill their roles within an environment of trust, transparency, and accountability.
- **Working within the emerging RAF**, with a corresponding deployment of resources in the Activity Cycle toward the project implementation phase; as recommended by OPS2 (GEF 2002g), a shift in emphasis from an "approval culture" to a culture of "quality and results." The overall portfolio could benefit from more programmatic approaches as requested by countries,

which at the same time would reduce the administrative workload. Results-based management (RBM) is dependent on strong partnering around results and on harmonization efforts to maximize the impact of assistance. Any changes to the cycle must also fit the needs of all focal areas and regions, both subject to the RAF and project-by-project approval. The focus on results and country leadership provides a good opportunity for scale-up and replication of current programmatic approaches based on lessons learned.

- **Establishing performance benchmarks** for measuring the efficiency and effectiveness of GEF operational policies and procedures, as well as Agency scorecards and enforceable time standards. Such systems of checks and balances, and clear definition of validation roles, should accompany the devolution of responsibilities in the formulation, appraisal, and approval phases. Full transparency is a precondition for performance measurement systems and accountability for compliance with deadlines so as to provide consistent and comprehensive information that is available to all parties.
- **Ensuring a regular monitoring and clean-up of proposals in the Activity Cycle** that will make timely decisions to discontinue proposals that are in danger of obstructing the pipeline, are in perpetual redevelopment because additional formulation or information is sought, or have been sidelined because the circumstances are not right to move forward or the underlying ideas turn out to be very difficult to operationalize. A regular clean-up of the proposals in the cycle will ease the flow and lead to quicker decisions on projects that are well designed. Relatedly, the GEF Secretariat and others should not ask for modifications on proposals more than once so as to avoid lengthening elapsed time.
- **Allowing scope for proposals that are well embedded in programmatic approaches**, whether national or regional, or in focal areas, that ensure that individual projects benefit from interacting with other projects.

The following recommendations identify elements that would allow for a complete restructuring of the Activity Cycle and modalities while applying these principles.

Recommendation 2: A shift toward RBM will ensure quality during implementation and enable a dramatic reduction of the detailed “blueprint” information currently required in the formulation and appraisal stages.

The GEF should accelerate its move toward results-based management that started with its introduction of the RAF, harmonization of the evaluation function, and the ongoing development of a framework for portfolio monitoring. In particular, development effectiveness should be pursued *directly*, for tasks directly relevant to the GEF Secretariat, by simplifying the framework and the steps of the GEF Activity Cycle; and *indirectly*, by ensuring that the GEF partner Agencies are supported in their own simplification efforts. The aim should be to improve predictability, focus on program-level outcomes and results, and decrease transaction costs. After introduction of the RAF, harmonization of the evaluation function, and application of results indicators and portfolio monitoring, the GEF is well positioned to move to the next level of RBM and thereby streamline the cycle through three main initiatives.

- **A comprehensive results-based management framework** for the GEF, to be implemented in GEF-4, that will incorporate monitoring and reporting at three levels: corporate, programmatic (focal area), and project. Delays in project start/implementation and compliance with M&E would also be tracked by the annual portfolio performance report. Issues best covered by monitoring include cost effectiveness, flexibility, participation and ownership, resource mobilization, and progress toward outcomes.
- **The application of the GEF Monitoring and Evaluation Policy** and the system of performance measurement provided by the independent GEF Evaluation Office, with support from the Agency evaluation units. This rubric now provides for systematic conduct and assessment of project evaluations, as well as impact evaluations, country portfolio evaluations, and review of the focal area GEF-4 strategies that incorporate all projects. Aspects of M&E quality, project-at-risk systems, and quality at entry are also covered. Issues best covered by evaluation include sustainability, replication, actual cofinancing mobilized, and impact.
- **The development of the new management information system** approved at the November 2005 Council meeting. From the perspective of the Activity Cycle, a new data system can be simple but must be disciplined and consistent with established business practice. Its ability to track a project's progress through the cycle is indispensable. The GEF should take full advantage of modern communication opportunities so as to become more service oriented and provide its stakeholders with accessible information regarding its policies and procedures on its Web site. Although still a work in progress, the Joint Evaluation Database will be available to facilitate further analysis, with the potential to provide a relatively low-cost tool to support management oversight of the Activity Cycle.

The GEF requirements for project design and content can be revisited and drastically simplified. Rather than mechanically following detailed design and reporting requirements, partners should be expected to be more closely involved in the strategic choice of M&E mechanisms, adaptive management, reporting on GEF concerns, and follow-up and learning. The evaluation has identified design elements that already form part of the Agencies' and governments' regular project design process: incorporation of lessons learned; project consistency with national or other plans and priorities; identification of major stakeholders and planning for their involvement, including safeguards for marginal groups; principles and policies for national ownership, stakeholder participation, and disclosure; and analysis of likely sustainability and risks. The use of existing Agency systems for design would allow GEF projects to benefit from Agency and national project proponent capacities to develop non-GEF projects with similar quality and a much faster process.

Recommendation 3: The identification phase should simply establish project eligibility, whether resources are in principle available, and whether the concept is endorsed by recipient countries.

Identification of GEF assistance is crucial to a smooth project development process. The difficulty in determining GEF eligibility (or "GEF-ability," as some stakeholders express it) is a key factor in delays, in dropped project proposals, and in wasted efforts that could be put to better use for the

global environment. After more than a decade, the GEF has developed considerable experience in determining whether a project proposal has incremental components. However, the knowledge of how to justify incremental costs is not easily accessible to country and Agency stakeholders and is open to individual interpretation. Proposed projects are essentially subject to incremental justification, strategic priorities, other preferences exercised by the GEF Secretariat to shape the portfolio, and financial resource limitations. The GEF Secretariat would need to judge project eligibility and consistency with priorities on relatively limited information; otherwise, the identification phase turns into an appraisal phase.

The GEF has already begun a shift toward emphasizing identification. The underlying premise of the RAF is country drivenness in the identification process. In August 2006, the GEF CEO introduced a project identification form (PIF) to be submitted by the Agencies to the GEF Secretariat. The PIF effectively subsumes the need for a concept brief for pipeline entry. The proposal must obviously fit with the endorsed pipeline for climate change and biodiversity projects. Evolution has already overtaken the pipeline entry phase, by which the PIF and the RAF endorsement process of proposals de facto constitutes the pipeline. The same principles could be applied to other focal areas. Proposals must, however, be made publicly available to ensure transparency for the Council, local stakeholders, and other partners.

Early identification should be in keeping with the original vision of the concept phase as discussed by the GEF in 1995: that is, to ascertain whether a proposal is eligible for GEF financing—no more, no less. Identification should provide sufficient assurance that a likely good project, in line with global and national priorities, can be developed. It should not provide assurance that the project is well designed, as it has not been formulated yet. Unless the GEF exercises restraint in asking for planning details at this early stage of the process, past experience points to the risk of further delays occasioned by subsequent redesign.

Recommendation 4: The work program as presented to the Council should move toward the strategic level.

A work program should be presented to the Council for consideration on a more strategic level. As envisaged in the *Instrument*, the work program should be prepared by the Secretariat and Implementing Agencies, in cooperation with eligible recipients and any executing agency. Originally, the focus of the work program for Council approval included “an indication of the financial resources required for the program” (GEF 2004i, paragraph 29) and preparation of the program in accordance with the principles of cost effectiveness, country drivenness, and flexibility (GEF 2004i, paragraph 4). Since then, the needs related to work programming have evolved. For example, overall management of financial resources has increased in importance, as exemplified by the GEF Secretariat recall of 2006 approvals for lack of liquidity. The increasing number of project proposals makes it more difficult to maintain a systematic overview of portfolio consistency with priorities, and work program entry has caused further delays in the cycle.

Several scenarios are possible that could fill voids in portfolio management that are not currently addressed and, in turn, support quality project development. The work program content could, for example, include an overview of country RAF strategies, lessons learned from the portfolio, and

updates on GEF-4 strategies and program outcome indicators; cofinancing plans; and program priorities and eligibility criteria for individual projects; among others. The work program would provide information on the composition of the pipeline as approved by the CEO on the basis of the PIFs. A work program at a strategic level would also present a greater opportunity to address how the cycle generates a portfolio of projects that are mutually supportive, as the approval process could look across PIFs at portfolio-level synergies. In other words, the whole portfolio should be greater than the sum of its individual parts.

Recommendation 5: Fully documented project proposals should be endorsed by the CEO on a rolling basis.

GEF projects should be subject to a rolling endorsement by the CEO before final project approval, as envisaged in the *Instrument*. If the endorsement process is smooth, the Agency would be able to schedule its own approval shortly thereafter. In keeping with the principle of full disclosure of project documentation, reviews, and project status, endorsement appraisal of proposals and projects can be performed as an online review—accessible to all—and conducted on a rolling basis. Comments on the project document should be limited to essential and substantive issues to be addressed by the Agency and project proponents for Agency approval, and be posted on the GEF Web site for later verification by spot checks and M&E mechanisms. The CEO should be free to submit a project to the Council if the project is seen as raising a sensitive or policy issue, while ensuring that consistent policies are available on key issues and not driven by a specific project proposal presented for approval.

In line with RBM principles, appraisal should focus on whether the project has developed a sound strategy to achieve results and management mechanisms to monitor progress and adapt its strategy accordingly. The current cycle has developed distorting incentives that promote comments that are increasingly detailed; this could be avoided by introducing non-objection approvals when proposals are consistent with GEF policies and procedures. Full and transparent use of online electronic tools would allow the CEO to inform the Council and other stakeholders of all proposals submitted for endorsement, thus allowing interested Council members to stay informed of project proposals and raise objections they feel are warranted.

1.5 Issues for the Future

The roles played by the GEF partners are complex and changing. The GEF Secretariat has portfolio monitoring responsibilities, the STAP is in the process of reform, and the GEF Evaluation Office became an independent entity in 2003. Country roles in GEF decision making on individual projects are becoming more significant. National focal points must now take on pipeline planning. Donor countries have increasingly required project design changes before approving projects, while recipient country procedures are becoming significantly more influential with the introduction of the RAF. As countries take a more direct role in setting priorities for and monitoring their overall GEF resource use, more decisions are being made at a national level, requiring a synchronization of the GEF Activity Cycle with national needs and practice. Without dramatic changes in other steps as recommended above, the cycle can be expected to grow still longer as a result.

The GEF has not taken full advantage of learning opportunities on project management within the international development community. For example, the arrangement of the UN system for a common country presence and the internal harmonization effort among all UN agencies at the country level could provide an entry point for the GEF to strengthen country-level support for RAF implementation. This suggests closer observation of trends in international harmonization and simplification by the GEF—for example, through participation in the relevant working groups and task forces or through agreements for mutual information exchange on organizational matters, with active follow-up on procedural changes.

The cost effectiveness of project preparation funding requires further analysis. The use of PDF funds to prepare both full- and medium-size GEF projects has grown in both relative and absolute terms. A significant proportion of PDFs spend a relatively long period of time being implemented, and GEF information systems are currently unable to either track the progress (or lack thereof) of PDFs through the Activity Cycle or to measure their results. Thus, the value of the PDF contribution to developing GEF projects is difficult to assess, although the analysis shows no relationship between the presence of PDF funding and subsequent performance ratings. The procedures for obtaining PDF funds also cause delays.

While comparisons of projects with and without PDFs do not indicate obvious advantages for the use of PDFs, if the GEF and Agencies continue to require relatively complex project documents with frequently changing requirements, there may not be an alternative to providing some form of project development facility in financing project preparation. Not many countries would find it worthwhile to build up their own capacity, and Agencies may be naturally reluctant to advance funds for this purpose. On the other hand, if the recommended revamping of the cycle does lighten requirements and shortens the gap between formulation and project start, the need for formulation support should change.

Although the GEF is the world's largest environmental fund and the only fund to target incremental costs for global environmental benefits, it is also mandated to be innovative and catalytic. In this context, the GEF should examine the effectiveness of a country-based pilot program that uses a *sector-based approach* to determine whether there are advantages in pursuing this approach in the future.