



# Global Environment Facility

GEF/C.33/4  
March 25, 2008

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GEF Council  
April 22-25, 2008

Agenda Item 9

## ANNUAL MONITORING REVIEW REPORT 2007

**Recommended Council Decision**

The Council, having reviewed GEF/C.33/4, *Annual Monitoring Review Report 2007*, welcomes the overall finding that the GEF portfolio under implementation in 2007 performed satisfactorily across all focal areas. The Council also welcomes the progress made on developing tools and methodologies to track GEF-4 focal area indicators and requests the Secretariat to report on progress towards the achievement of expected results as the first substantive portion of GEF-4 projects enter mid-term evaluations.

The Council requests that the Secretariat work in close collaboration with the GEF Agencies and Evaluation Office to ensure that its management information system better meets the monitoring needs of the Secretariat. The Council further requests the Secretariat to continue to improve the compilation and collection of data for monitoring.

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## **EXECUTIVE SUMMARY**

1. The Annual Monitoring Review (AMR) Report is the principal reporting instrument of the GEF Secretariat's monitoring system and provides a snap shot of the overall health of the GEF's active portfolio of projects each fiscal year. As a key part of the GEF's Results-based Management (RBM) Framework, AMR replaces the Annual Portfolio Performance Review (APPR) and monitors project implementation progress, progress towards achieving global environmental objectives, and baseline identification and tracking.

2. This report provides an overview of key findings arising out of the AMR 2007 process, which covers the GEF's portfolio of projects that began implementation on or before June 30, 2006 and were under implementation for at least part of FY 2007. The majority of projects included in this first AMR were therefore approved in GEF-3, with a few remaining under implementation from GEF-2.

3. The GEF's RBM Framework was built on the focal area strategies and strategic programming and associated indicators designed for GEF-4 (GEF/C.31/1). Since there were no GEF-4 projects under implementation in FY 2007, this first AMR cannot yet report on progress toward GEF-4 programming goals. However, it does discuss progress made to date in developing focal area tracking tools and methodologies for conducting a portfolio-wide assessment of GEF-4 projects.

### **Key Findings**

4. As of June 30, 2007, the total GEF allocation to projects was \$7,354 million. During FY 2007, 111 full-sized projects, 18 medium-sized projects, and 2 enabling activities were approved. The total allocation approved for FY 2007 was \$1,044 million in GEF funding, which included the approved funding for the Small Grants Program (\$124 million), the Private Public Partnership (\$50 million), and the Strategic Investment Program for SLM in Sub-Saharan Africa (SIP) (\$133 million).

5. The AMR 2007 exercise included 464 ongoing full and medium-sized projects that have been under implementation for at least one year as of June 30, 2007. This number reflects the steady growth of the portfolio under implementation from 135 projects in 1999.

6. Biodiversity projects represented the greatest portion of projects in the active portfolio in FY 2007, at 46%, as well as the greatest portion of the portfolio grant allocation, at 37%.

7. Based on project implementation reports submitted by the GEF Agencies, the overall finding from the AMR 2007 is that the GEF portfolio under implementation performed satisfactorily across all focal areas in FY 2007.

### **Monitoring and Management Information System**

8. In order to accurately track the GEF's portfolio, the monitoring function needs to be linked to the GEF Secretariat's Project Management Information System (PMIS). The Secretariat has been working on an extensive in-house overhaul of the PMIS and will be

launching a new web-based version in the coming months. With the new system, the Secretariat is working to develop better ways to capture and analyze data from projects.

9. The GEF Secretariat is also looking into initiating an effort, in collaboration with the Evaluation Office and the GEF Agencies, to develop a method for extracting, compiling and disseminating lessons learned and good practice from projects in order to inform future project design and management as well as GEF-wide programming.

10. As an initial attempt to present an annual synopsis of results and lessons learned from GEF projects, this paper provides a summary of key results and lessons learned reported by Agencies for projects that have gone through mid-term or final evaluations.

### **Monitoring Methodologies/Tracking Tools by Focal Area**

11. The focal area strategies are an integral part of the GEF RBM Framework. Within each strategy, the focal area's overall strategic objectives are outlined and strategic programs have been set in place for GEF-4. Expected impacts and outcomes along with their associated indicators have also been identified for each focal area's strategic objective. In order to track these indicators, each focal area is working to develop a methodology/tracking tool to systematically capture the relevant information needed to conduct portfolio-wide analysis on progress towards expected outcomes.

12. This paper presents progress made to date by focal areas in developing these tracking tools and methods.

## INTRODUCTION

1. At its June 2007 meeting, Council approved a Results-based Management Framework (RBM) (GEF/C.31/11) for the GEF. Several key components of the framework were presented in the paper, including an annual monitoring review that monitors project implementation progress, progress towards achieving global environmental objectives, and baseline identification and tracking. Accordingly, the Annual Monitoring Review (AMR) has been designed and will be presented to Council every year as the principal reporting instrument of the GEF Secretariat's monitoring system, replacing the Annual Portfolio Performance Review (APPR) used in previous years.
2. The AMR has been designed as a scoping tool that gives a snap shot of the overall health of the GEF's active portfolio of projects each fiscal year. In addition, the AMR is expected to provide guidance for more detailed portfolio monitoring activities, such as cluster/thematic reviews to understand implementation issues, to be undertaken by the Secretariat in collaboration with the GEF Agencies, for eventual reporting to the Council.
3. As outlined in the GEF's project cycle (GEF/C.31/7), it is the mandate of the GEF Secretariat to review and determine the work program content, with a view towards strategic coherence to attain particular targets and to consolidate priority focal area programs. As such, one of the purposes of the AMR will be to present an analysis of resource allocation patterns that compares focal area strategies to the actual evolution of the portfolio. In the future, the GEF Secretariat will monitor the evolution of the portfolio against the stated priorities which should allow the Council, the GEF Secretariat, and the GEF Agencies to more strategically manage "supply and demand." This type of analysis will enhance the AMR's use as a portfolio management tool.
4. The AMR 2007 is based on the GEF's active portfolio of projects that began implementation on or before June 30, 2006 and were under implementation for at least part of FY 2007 (July 1, 2006 – June 30, 2006). The majority of projects in this first AMR were therefore approved in GEF-3, with a few remaining under implementation from GEF-2.
5. As part of the AMR exercise, each GEF Agency has submitted individual Project Implementation Reports (PIRs) on all active projects in their respective portfolios. The PIRs discuss project performance and include agency ratings that provide the basis of the analysis in the AMR on implementation progress and progress toward achieving development/global environment objectives. Furthermore, as part of the AMR exercise, the Agencies have submitted portfolio overview reports. Information from these reports was used to inform the AMR discussion of focal area results. The Agency overview reports have been posted on the Results - Monitoring page of the GEF website ([www.thegef.org](http://www.thegef.org)).
6. The AMR 2007 concludes that the overall GEF portfolio of projects under implementation in FY 2007 is performing satisfactorily in meeting both implementation progress and progress toward achieving development/global environment objectives across all focal areas.
7. Since the GEF RBM Framework was built on the focal area strategies and strategic programming and their associated indicators for GEF-4 (GEF/C.31/1), and as there are no GEF-4

projects under implementation for the reporting period, this year's AMR cannot yet report on progress toward GEF-4 programming goals.

## **PROGRESS OF MONITORING AT THE GEF**

### **Monitoring at Different Levels and Challenge of Assessing Impact**

8. While the major focus of this and future AMRs is to track progress towards results at the GEF portfolio level, it is important to keep in mind that there are in fact three different levels of monitoring needed in order to formulate a complete understanding of global environmental impacts: project level, portfolio level, and global level. The GEF Agencies are primarily responsible for monitoring at the project level, while the GEF Secretariat is responsible for monitoring at the portfolio level and must roll-up project-level indicators/outcomes in order to do so. The portfolio level outcomes should contribute to achieving global environmental benefits.

9. One of the major challenges that the GEF faces is the ability to measure long-term expected impacts toward achieving targeted "global environmental benefits." Many longer-term impacts can only be measured several years after projects have been completed. While the GEF's Evaluation Office can carry out in-depth studies, analyzing the causes and long-term effects of GEF interventions using impact assessments and country evaluations, the GEF Secretariat, in collaboration with project proponents, GEF country focal points and GEF Agencies, could develop and implement a system to track and analyze project impacts after completion. Such a system would require an additional budget and would be more sustainable if eventually mainstreamed into the day to day work of GEF country focal points in close collaboration with the GEF Evaluation Office.

### **Monitoring and Management Information System**

10. In order to accurately monitor the GEF's portfolio, the monitoring function needs to be linked to the Secretariat's Project Management Information System (PMIS). The Secretariat has been working on an extensive overhaul of its PMIS and will be launching a new web-based version in the next several months. With the new system, the Secretariat is working to develop better ways to capture data that is currently collected from the GEF Agencies through the submission of annual Project Implementation Reports (PIRs). In coordination with the Agencies, the Secretariat will work to consolidate its efforts in order to ease the burden of reporting on the Agencies and to more effectively and efficiently capture and analyze data.

11. The Secretariat has also begun to work in close collaboration with the Evaluation Office and the Agencies to develop a method for extracting, compiling and disseminating lessons learned and good practice from projects in order to inform future project design and management, as well as GEF-wide programming.



## **Status of Methodologies/Tracking Tools by Focal Area**

12. The focal area strategies are an integral part of the GEF RBM framework. Within each strategy, the focal area's overall strategic objectives have been outlined and strategic programs have been set in place for GEF-4. Expected impacts and outcomes, along with their associated indicators, have also been identified for each focal area's strategic objective. In order to track these indicators, each focal area is working to develop a methodology to systematically capture the relevant information needed to conduct portfolio-wide analysis on progress towards expected outcomes.

13. The overall process for capturing data will be uniform across all focal areas, based on the GEF Monitoring and Evaluation (M&E) Policy, approved by the Council through a written procedure on February 6, 2006. According to the GEF M&E Policy, all projects are required to include a concrete and fully budgeted M&E plan by the time of work program entry for full-sized projects and by CEO approval for medium-sized projects. This M&E plan needs to contain, among other things, a baseline of the project with indicator data or, in rare situations where major baseline indicators have not been identified, an alternative plan for addressing this issue within one year of implementation.

14. Given the new GEF project cycle (GEF/C.31/7) that was approved by the Council in June 2007, all GEF projects will comply with the above mentioned GEF M&E Policy by entering baseline data and expected outcomes into the GEF database by CEO endorsement (or, in rare cases, within one year of implementation). Indicator data will be collected annually thereafter. Each project will provide an assessment of progress made towards achieving expected outcomes at least twice: once at the time of mid-term review and once at operational completion. (Some projects, such as those in the international waters focal area, may choose to report annually.) Once a substantive portion of GEF-4 projects in a particular focal area have reached mid-term, an overall analysis of the focal area portfolio and progress toward achieving its strategic objective outcomes will be carried out. A similar analysis will take place when these projects reach completion.

15. Updates from each focal area on indicator progress are provided in Annex 1.

## **PORTFOLIO OVERVIEW<sup>1</sup>**

16. The following section provides an overview of the cumulative GEF portfolio and projects currently under implementation (projects that began implementation on or before June 30, 2006 and were under implementation for at least part of FY 2007). The information and data presented here were taken from annual Project Implementation Reports (PIRs) submitted by the GEF Agencies, the Secretariat's database, and data provided by the Trustee.

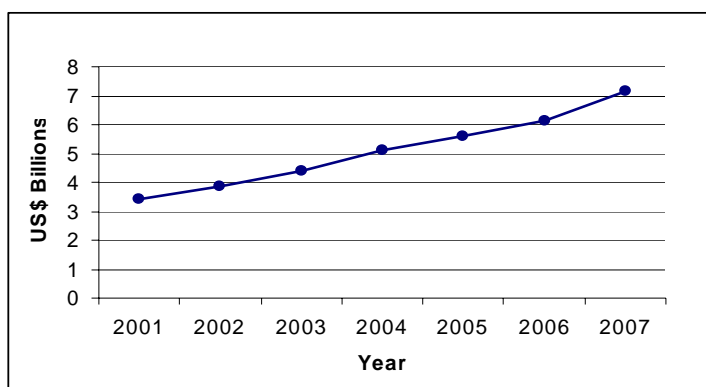
17. The growth of the overall GEF portfolio has continued on an upward trend, including enabling activities and project development funds. (See figure 1). The total GEF allocation as of

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<sup>1</sup> All dollars cited in this and subsequent sections are US dollars.

June 30, 2007 was \$7,354 million.<sup>2</sup> Compared to \$6,199 million in 2006, this constitutes an increase of about 19%. This larger increase in approvals during FY 2007 over previous years can partially be attributed to the high number of project proposals presented at the June 2006 GEF Council meeting which was the final one for the GEF-3 replenishment period. Even though these projects were approved in August 2006, they were processed as FY 2007 projects because they were presented to the Council in FY 2007.

**Figure 1: Cumulative GEF Resource Allocations (as of June 30, 2007)**



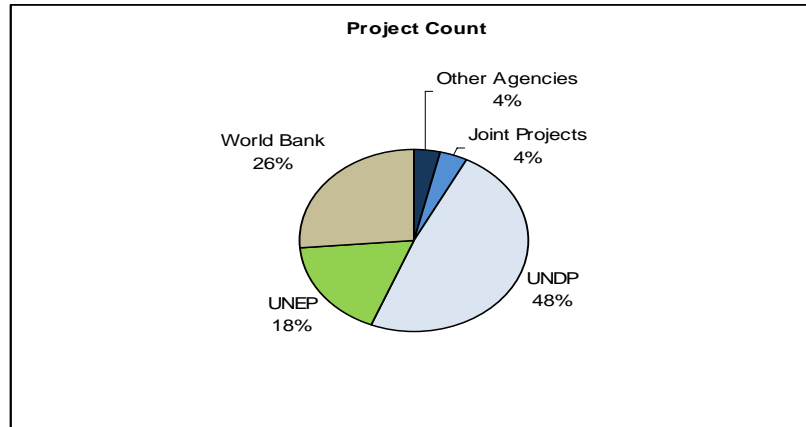
18. During FY 2007, 111 full-sized projects, 18 medium-sized projects, and 2 enabling activities were approved. The total allocation for these projects, including PDF grants, was \$1,044 million in GEF funding. This total included the approved funding for the Small Grants Program (\$124 million), the Private Public Partnership (\$50 million), and the SIP Program (\$133 million).

19. As of June 30, 2007, a total of 1,172 full and medium-sized projects have been allocated funding in approved GEF work programs, compared to 1,047 projects by June 30, 2006, representing an increase of close to 12%. In addition to full and medium-sized projects, 784 enabling activities have been approved as of June 30, 2007.

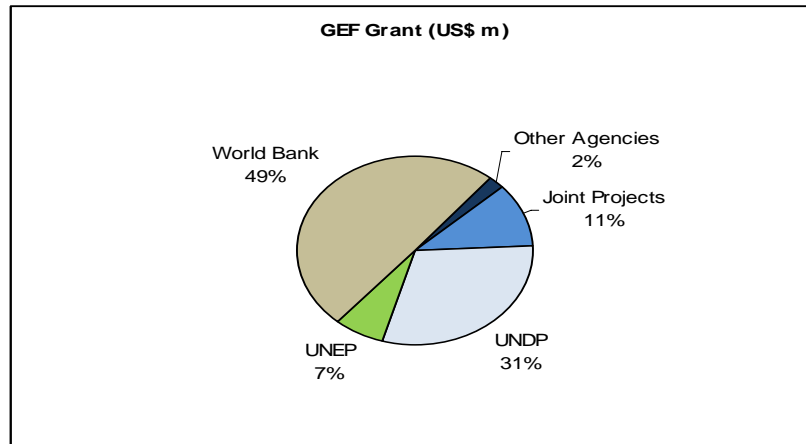
20. Figures 2.1 and 2.2 show the distribution of GEF allocations and the number of GEF projects (FSPs, MSPs, and EAs) by Agency. As of June 30, 2007, UNDP had the largest share of projects, at 48% while the World Bank had the largest share of total GEF allocations, at 49%.

<sup>2</sup> This figure is based on data that was generated by the GEF Secretariat's project management information system on March 13, 2008. A breakdown is provided in Annex 2.

**Figure 2.1. Distribution of GEF Projects by Agency (as of June 30, 2007)**



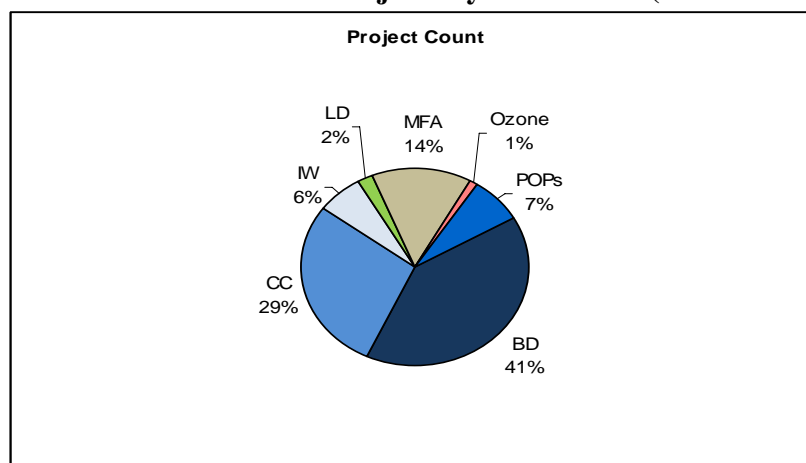
**Figure 2.2. Distribution of Total Project Funding by Agency (as of June 30, 2007)**



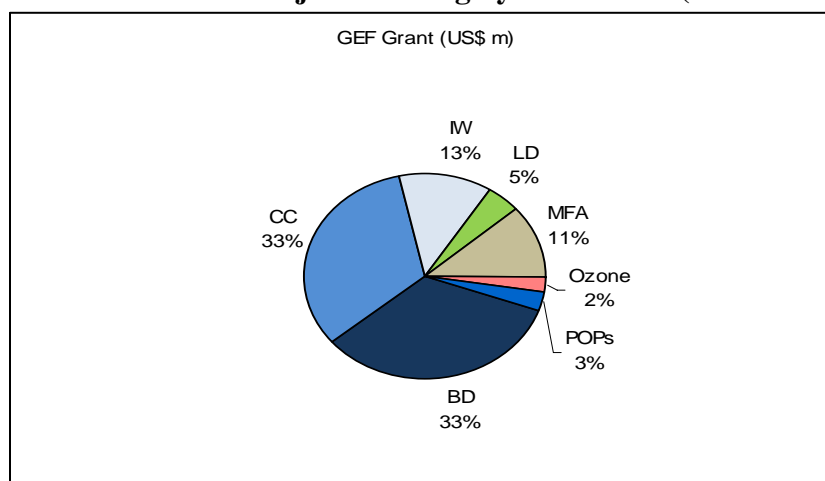
21. Figures 3.1 and 3.2 provide the distribution of GEF allocations and the number of GEF projects by focal area. As of June 30, 2007, biodiversity focal area had the largest number of GEF projects, at 41% while climate change and biodiversity focal areas had an equal share of the total project funding, each at 33%.

22. Detailed tables breaking down GEF project allocations by Agency, focal area, project type, and number of projects are provided in Annex 2 (Tables 2.1 and 2.2).

**Figure 3.1. Distribution of GEF Projects by Focal Area (as of June 30, 2007)<sup>3</sup>**



**Figure 3.2. Distribution of Total Project Funding by Focal Area (as of June 30, 2007)**



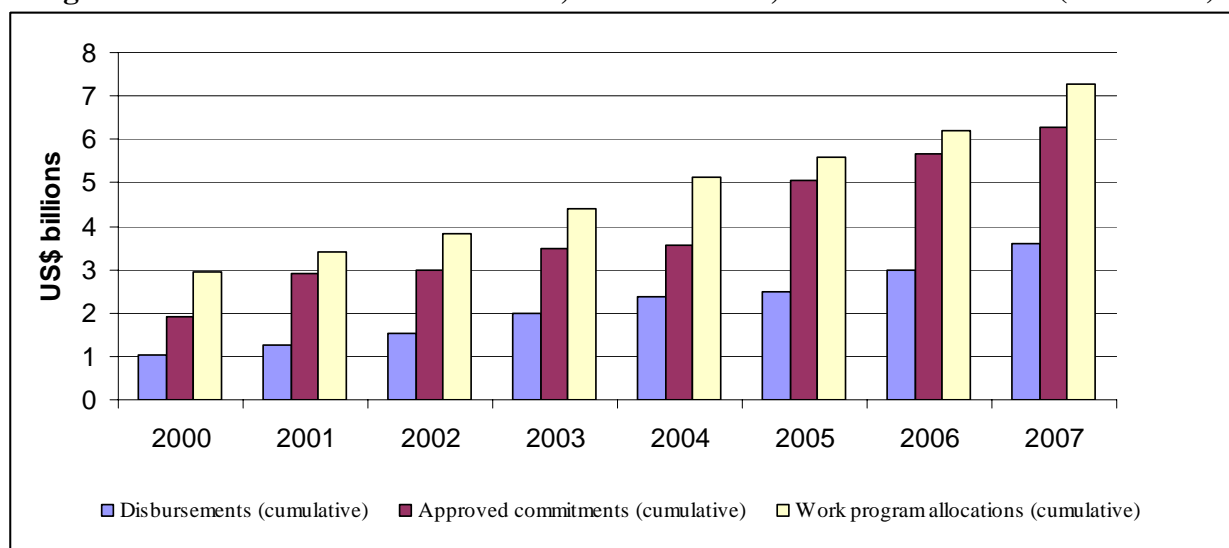
### Approved Commitments and Agency Project Disbursements

23. Figure 4 shows GEF allocations, commitments, and disbursements as of June 30, 2007. The cumulative work program allocation from the start of the GEF was US\$7,354 million. Cumulative disbursement increased during FY 2007 to \$3,599 billion, up from \$2,996 billion in FY 2006.

24. The difference between approved commitments and actual disbursements was 51% in FY 2005, 47% in FY 2006, and 43% in FY 2007 (See Figure 4).

<sup>3</sup> GEF focal areas are: Biodiversity (BD), Climate Change (CC), International Waters (IW), Land Degradation (LD), Persistent Organic Pollutants (POPs), Ozone Depletion (Ozone). MFA stands for multiple focal areas.

**Figure 4. Cumulative GEF Allocations, Commitments, and Disbursements (2000-2007)**



## OVERVIEW OF PROJECTS UNDER IMPLEMENTATION

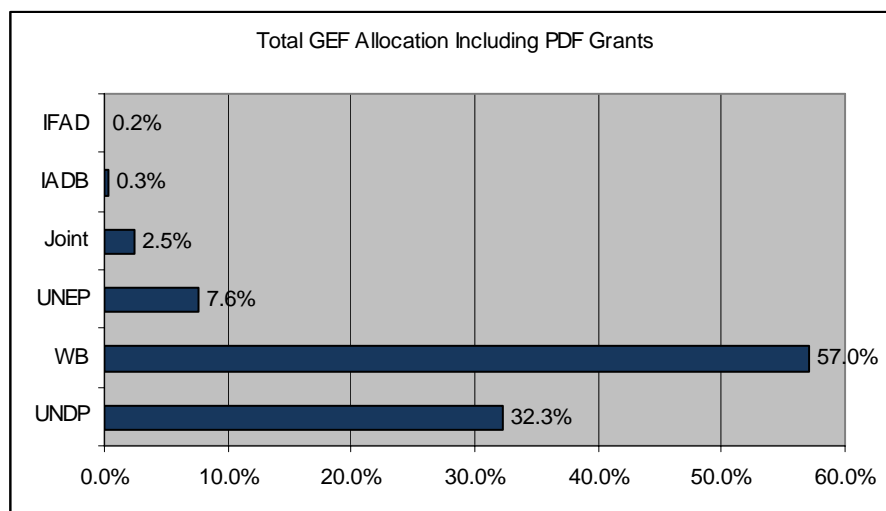
25. The GEF Agencies submitted Project Implementation Reports (PIRs) for 464 projects, including 319 full and 145 medium-sized projects that have been under implementation for at least one year as of June 30, 2007. The total number of projects under implementation reflects a steady growth of the portfolio under implementation, up from 135 projects in 1999.

26. The total amount of GEF funds allocated to full and medium-sized projects that were under implementation in FY 2007 was US\$ 2, 551.58 million (including PDF grants for these projects).

27. The World Bank had the largest share with 57% of the total GEF funding<sup>4</sup>, followed by UNDP with 32% and UNEP with 8%. Three percent of GEF funding went to projects implemented jointly with multiple agencies while 0.5% of the funds were allocated to projects that were implemented by IADB and IFAD. Figure 5 presents the Agency distribution of total GEF funds allocated to projects under implementation in FY 2007.

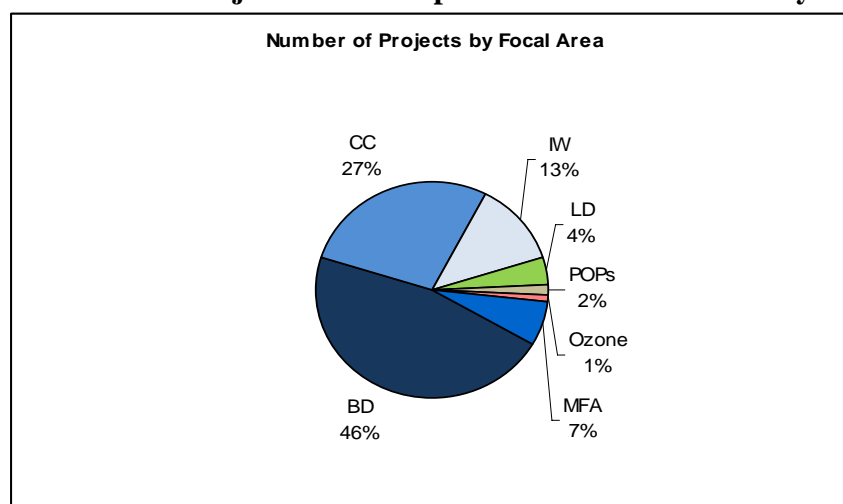
**Figure 5. Total GEF Allocation for Projects Under Implementation in FY 2007 by Agency**

<sup>4</sup> World Bank projects included 17 IFC projects that constituted 6.3% of total GEF allocations.

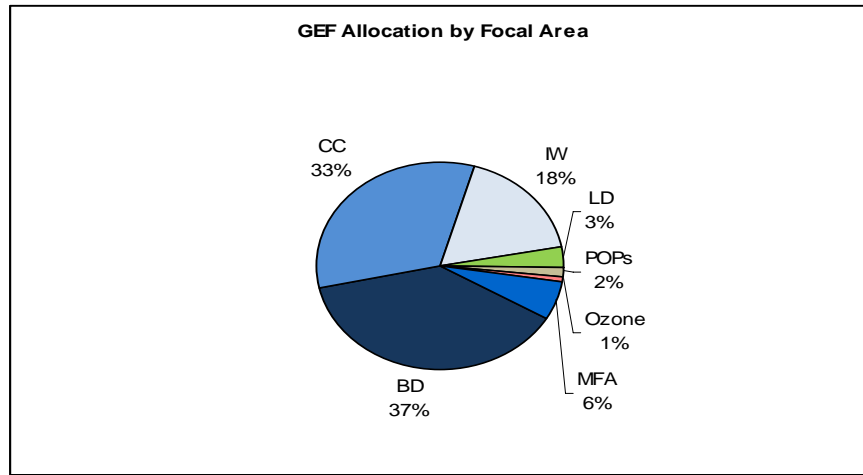


28. Figures 6 and 7 show the distribution of projects under implementation in FY 2007 and total GEF allocation for these projects by focal area. As in previous years, biodiversity projects represented the greatest portion of active projects at 46%, followed by climate change projects at 27%. Biodiversity projects also had the largest share of total GEF allocations at 37%, surpassing climate change projects which constituted 33% of total GEF allocations.

**Figure 6. Number of Projects under Implementation in FY 2007 by Focal Area**

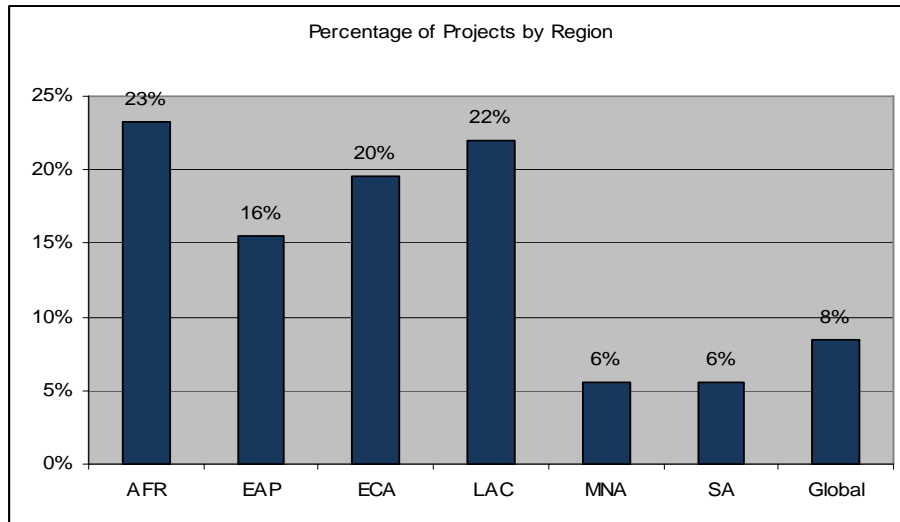


**Figure 7. Total GEF Allocation for Projects under Implementation in FY 2007  
by Focal Area**



29. In FY 2007, Africa had the largest number of projects, at 23% while South Asia and the Middle East and North Africa regions had the fewest, at 6% each. Figure 8 presents a breakdown of the geographical distribution of projects in the active GEF portfolio.<sup>5</sup>

**Figure 8. Geographic Distribution of Active Projects in FY 2007<sup>6</sup>**

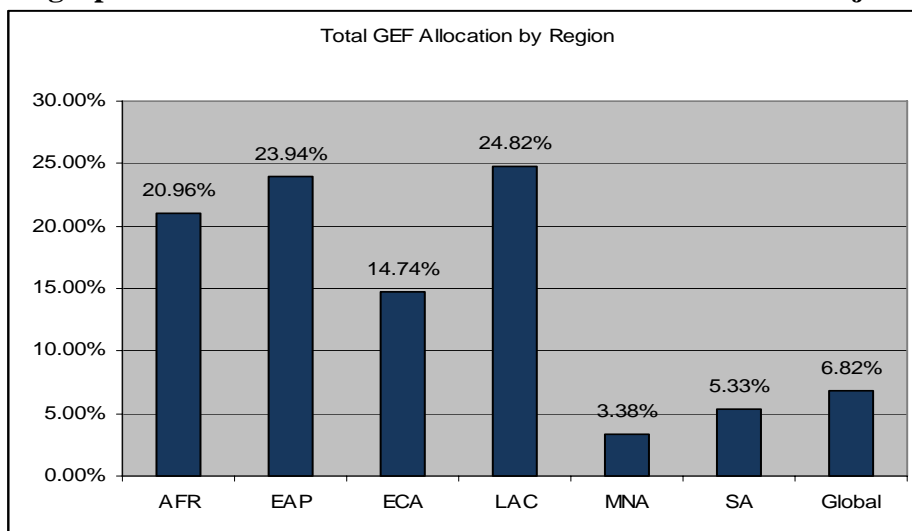


30. In terms of total GEF Allocations, the Latin America and the Caribbean region had the largest share, at 25% while the Middle East and North Africa region had the lowest share, at 3%. Figure 9 presents the geographic distribution of total GEF allocations to active projects in FY 2007.

<sup>5</sup> To ensure consistency with data presented in previous monitoring reports such as the APPR, the GEF Secretariat has used World Bank regional categories to group recipient countries.

<sup>6</sup> Africa (AFR), East Asia and Pacific (EAP), Europe and Central Asia (ECA), Latin America and the Caribbean (LAC), Middle East and North Africa (MNA), South Asia (SA)

**Figure 9. Geographic Distribution of Total GEF Allocation to Active Projects in FY 2007**



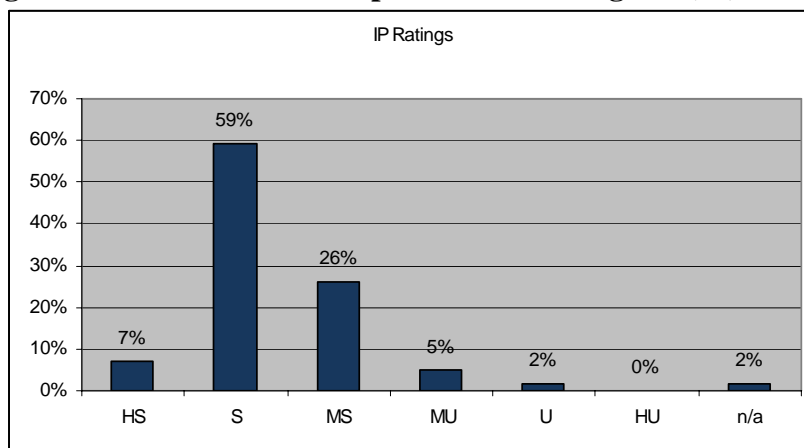
### Performance Ratings

31. The GEF Secretariat relies on each Agency to report on and rate project performance. Every year, the Agencies rate their projects according to two criteria (1) implementation progress and (2) likelihood of attaining developmental/global environment objectives. Six ratings are used by Agencies: Highly Satisfactory (HS), Satisfactory (S), Marginally Satisfactory (MS), Marginally Unsatisfactory (MU), Unsatisfactory (U) and Highly Unsatisfactory (HU).

32. Based on project implementation reports submitted by the GEF Agencies, the overall finding from the AMR 2007 is that the GEF portfolio under implementation performed satisfactorily across all focal areas in FY 2007.

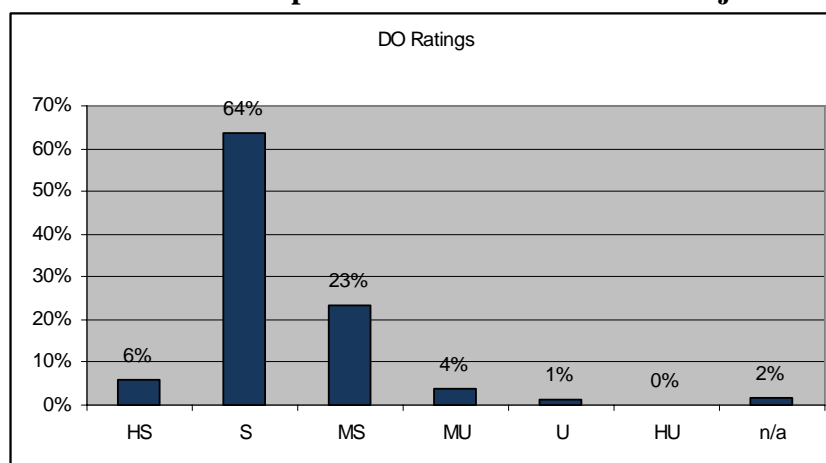
33. Figures 10 and 11 provide the distribution of Agency ratings for implementation progress (IP) and the likelihood of attaining development/global environment objectives (DO) for the 464 projects that were under implementation in FY 2007.

**Figure 10. Distribution of Implementation Progress (IP) Ratings**





**Figure 11. Distribution of Development/Global Environment Objectives (DO) Ratings**



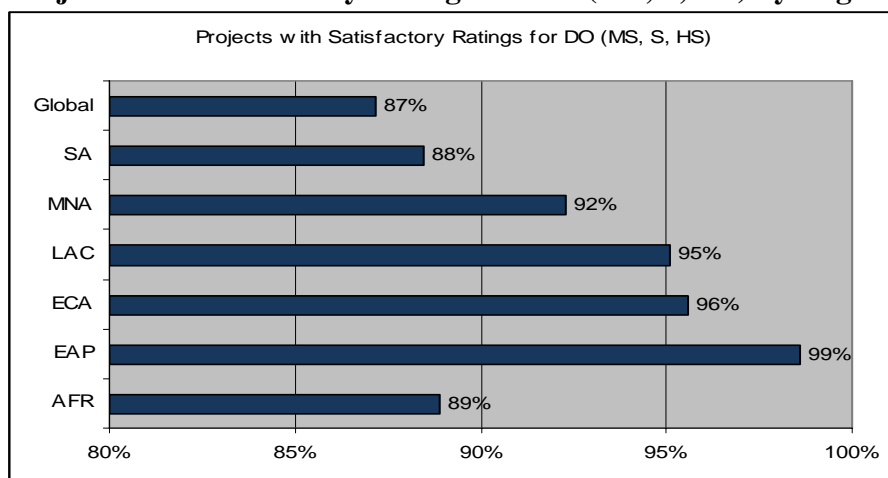
34. Close to 93% of all active projects were rated satisfactory (marginally satisfactory or higher) on the likelihood of achieving their development/global environmental objectives and about 92% of all active projects were rated satisfactory (marginally satisfactory or higher) for implementation progress. No projects were rated highly unsatisfactory. About 1.5% of projects did not provide any ratings. The Agencies rated 21 projects (4.5% of rated projects) highly satisfactory and 5 projects (1% of rated projects) unsatisfactory on both their implementation progress and the likelihood of achieving their development/global environmental projects.

35. In terms of the likelihood of achieving development/global environmental objectives, the East Asia and Pacific region had the highest portion of projects rated satisfactory (marginally satisfactory or higher), at 99%. Africa had the greatest portion of projects rated unsatisfactory (including MU and U), at 10%, followed by global projects, 8%. The South Asia region had the largest number of projects with no ratings, at 8%. This information is presented Table 1 and Figure 12.

**Table 1. Development/Objective Ratings by Region in Active Portfolio**

Region	Rating of S or HS	Rating of MS	Rating of MU or U	No Ratings
AFR	58%	31%	10%	1%
EAP	81%	18%	1%	0%
ECA	73%	23%	3%	0%
Global	69%	18%	8%	5%
LAC	73%	23%	4%	1%
MNA	58%	35%	4%	4%
SA	77%	12%	4%	8%

**Figure 12. Projects with Satisfactory Ratings for DO (MS, S, HS) by Region in FY 2007**

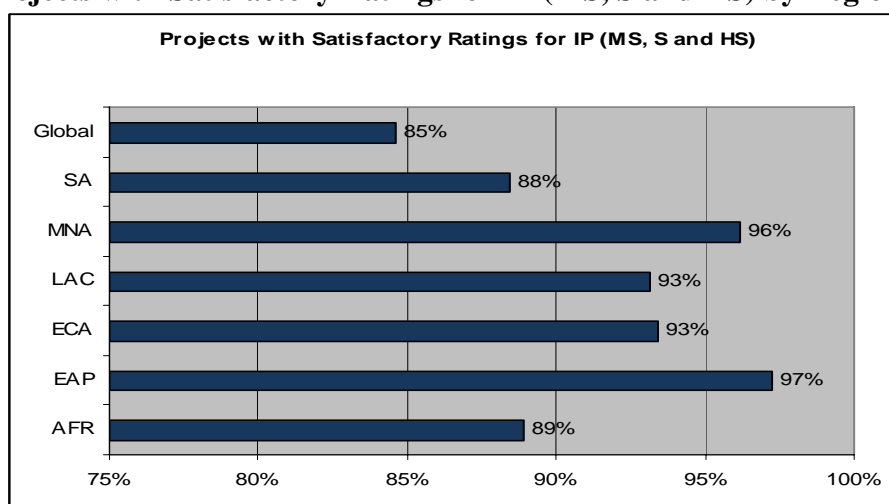


36. In terms of ratings on implementation progress, the region with the highest portion of projects rated satisfactory (marginally satisfactory and higher) was the East Asia and the Pacific region, at 97%, followed closely by the Middle East and North Africa region, at 96%. Global projects had the greatest portion rated marginally unsatisfactory or unsatisfactory (13%), followed by projects in Africa at (10%). This information is presented Table 2 and Figure 13.

**Table 2. Implementation Ratings by Region in Active Portfolio**

Region	Rating of S or HS	Ratings of MS	Rating of MU or U	No ratings
AFR	59%	30%	10%	1%
EAP	76%	21%	3%	0%
ECA	69%	24%	4%	2%
Global	51%	33%	13%	3%
LAC	68%	25%	6%	1%
MNA	54%	42%	4%	0%
SA	81%	8%	4%	8%

**Figure 13. Projects with Satisfactory Ratings for IP (MS, S and HS) by Region in FY 2007**

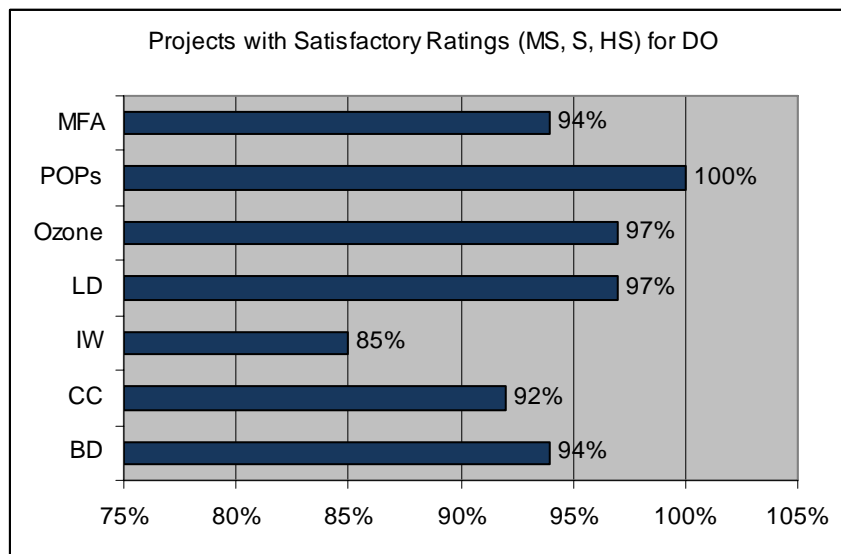


37. In terms of the likelihood of achieving development/global environmental objectives by focal area, the persistent organic pollutants (POPs) focal area had the highest portion of projects rated satisfactory (marginally satisfactory or higher), at 100%. The climate change focal area had the greatest portion of projects rated unsatisfactory (including MU and U), at 7%. The international waters focal area had the largest number of projects with no ratings, at 10%. This information is presented Table 3 and Figure 14.

**Table 3. Development/Objective Ratings by Focal Area in Active Portfolio**

Region	Rating of S or HS	Rating of MS	Rating of MU or U	No Ratings
BD	70%	24%	4%	1%
CC	66%	27%	7%	1%
IW	65%	20%	5%	10%
LD	74%	22%	3%	0%
Ozone	74%	22%	3%	0%
POPs	72%	29%	0%	0%
MFA	71%	23%	6%	0%

**Figure 14. Projects with Satisfactory Ratings for DO (MS, S and HS) by Focal Area in FY 2007**

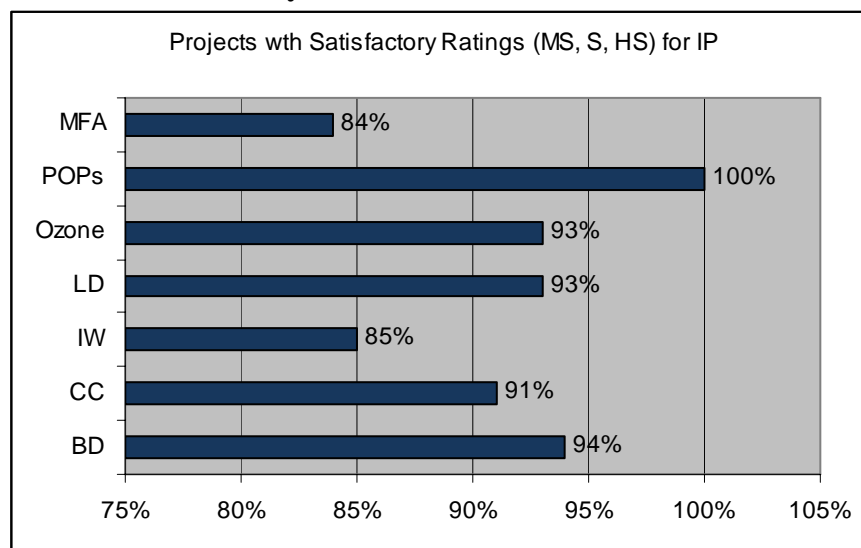


38. In terms of ratings on implementation progress, the focal area with the highest portion of projects rated satisfactory (marginally satisfactory and higher) was the POPs focal area, at 100%. Multi-focal area projects had the greatest portion of projects rated marginally unsatisfactory or unsatisfactory (16%). The international waters focal area had the largest number of projects with no ratings, at 10%. This information is presented Table 4 and Figure 15.

**Table 4. Implementation Ratings by Focal Area in Active Portfolio**

Region	Rating of S or HS	Ratings of MS	Rating of MU or U	No ratings
BD	68%	26%	5%	1%
CC	65%	26%	8%	1%
IW	65%	20%	5%	10%
LD	62%	31%	6%	0%
Ozone	62%	31%	6%	0%
POPs	86%	14%	0%	0%
MFA	58%	26%	16%	0%

**Figure 15. Projects with Satisfactory Ratings for IP (MS, S and HS) by Focal Area in FY 2007**



## Elapsed Time

39. The discussion on elapsed time, presented in Box 1, is based on information taken directly from GEF Agency overview reports which can be found on the Results – Monitoring page of the GEF website ([www.thegef.org](http://www.thegef.org)).

Box. 1 Elapsed-time Analysis		
UNDP	UNEP	World Bank
<p>UNDP's analysis is based on its portfolio of projects for this reporting period (212 total projects: 139 full-sized projects and 73 medium-sized projects).</p> <p>The average elapsed time from pipeline entry to CEO endorsement was 39 months. The average elapsed time from CEO endorsement to project start was six months. This was a vast improvement compared to the 14 month average reported in FY 2005. The average elapsed time from project start to closing for the 33 projects that were operationally completed in FY 2007 was 69 months.</p>	<p>UNEP's analysis is based on the 33 full-sized active projects covered during the reporting period. Elapsed time between CEO endorsement and UNEP approval was used as a proxy for start of implementation.</p> <p>The average elapsed time for the 33 projects was 6.5 months. It should be noted however that there are 3 outliers with significant effectiveness delays that distort the average (43 months, 51 and 56 months). Effectiveness delays for these 3 projects were reported to the GEF Secretariat when it was known that activities could not start on time. If these 3 projects are excluded, the overall average for the 30 remaining projects was 2.2 months.</p> <p>The analysis of implementation delays compares the expected completion date at the time of project approval with the actual or currently expected operational</p>	<p>In FY 2007, elapsed time between GEF Council and Bank Board approvals increased from 14 to 21 months, and elapsed time between Bank Board approval and project effectiveness increased from 2 to 7 months.</p> <p>The longer elapsed time between GEF Council and Bank Board approvals was mainly due to two solar thermal power projects in Morocco and Mexico finally being submitted to the Board after several years of delay while the technology was being further developed. The increase in effectiveness delays was mainly due to the complicated legislative clearance procedures for projects in ECA and LCR.</p> <p>Over the past five years, the average elapsed time from pipeline entry to Bank Board approval was 34 months. The IBRD/IDA average in FY 2007 from concept approval to Board approval is 17 months. Previous studies have shown that GEF requirements add between 6 to 9 months to average IBRD/IDA</p>

	completion date of 33 full-sized projects. The result is an average elapsed time of 11 months beyond the intended completion date at the time of approval. This average is affected by a number of projects that have suffered extended implementation delays.	processing time. The effect of the new GEF project cycle on elapsed time will also need close monitoring.  Among the regions, IFC, EAP and ECA have the shortest delivery time between pipeline and approval by the Bank's Board, while AFR and to a lesser extent LCR and MNA have much longer elapsed times.
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## Cancelled Projects

40. Three projects were cancelled during FY 2007. UNDP cancelled two medium-sized projects (one biodiversity and one climate change) in the Democratic People's Republic of Korea (DPRK) due to the closure of the UNDP Country Office in Pyongyang<sup>7</sup>: 1) *Coastal Biodiversity Management of DPR Korea's West Sea* (GEF grant 0.78 million) and 2) *Small Wind Energy Development and Promotion in Rural Areas* (GEF grant 0.75 million). The World Bank/IFC cancelled one medium-sized biodiversity project in May 2007: *Poison Dart Frog Ranching to Save Rain Forest and Alleviate Poverty* (GEF grant 0.81 million). The project was cancelled because "implementation partners could not agree on a mutually acceptable approach for managing the project and neglected to pursue certain project activities that were important for accomplishing the overall goal. Prior to closing the project, alternative project management strategies were considered but none was seen as feasible or attractive."

## Operationally Completed Projects

41. During fiscal year 2007, 23 UNDP projects were operationally completed (11 full-sized and 12 medium-sized). Of these, 13 were biodiversity projects and 10 were climate change projects, totaling \$74.7 million in GEF funding (including project development funds). For UNEP, 8 projects were operationally completed (3 full-sized and 5 medium-sized) totaling \$26 million in GEF funding (including project development funds). Of these, the breakdown by focal area was as follows: 3 biodiversity, 2 climate change, 2 multi-focal area, and 1 land degradation.

42. For FY 2007, the World Bank submitted 23 final evaluations (10 full-sized and 13 medium-sized). Of these, the breakdown by focal area was as follows: 12 biodiversity, 8 climate change, 2 international waters, and 1 multi-focal area. Total GEF funding for the 23 projects was \$118 million (including project development funds).

43. Table 2.2 in Annex 2 provides a complete list of the closed projects submitted in this reporting period.

<sup>7</sup> UNDP suspended operations in the DPRK on March 2, 2007. A full, independent, external audit of UNDP operations in DPRK is currently underway.

## Co-financing

44. Box 2 presents an overview of co-financing for projects under implementation in FY 2007. For UNDP and UNEP, co-financing information is taken from their overview reports; for the World Bank, the information is taken from “Fiscal Year 2007: World Bank Group, IW Focal Area Summary Report.”

<b>Box. 2 Co-financing</b>		
<b>UNDP</b>	<b>UNEP</b>	<b>World Bank</b>
<p>UNDP provided an analysis of realized co-financing by focal area for FY 2007:</p> <p><b>Biodiversity:</b> Common challenges experienced by projects in relation to co-financing included the issue of non-realized co-financing, shortfalls in committed co-financing, and low/slow rates of disbursement. In a number of projects, these challenges resulted in delayed project implementation. Arab States reported difficulties in providing information on co-financing, as year-to-year disbursement of co-financing had not been reported in most projects. Many projects have actively and creatively managed to secure new funding sources and to mainstream under-funded activities into other government programs. It appears that the investment of GEF funds to attract support from government Agencies and others has been a successful strategy.</p> <p><b>Climate Change:</b> For the entire portfolio, \$636.23 million is anticipated from co-financing sources, representing 72 percent of total funding for projects. Most of the projects that have gone to final evaluations and/or are operationally closed have reported both the proposed and the actual co-financing. In this category of projects reporting, \$52.66 million of co-financing was proposed, and \$52.84 million was realized. For projects at the midterm evaluation stage reporting on co-financing, \$48.17 million was proposed, and it is anticipated that \$65.39 million will be realized.</p> <p><b>International Waters:</b> Of the seven projects at the midterm evaluation stage or later, the projects cumulatively delivered actual co-financing 31 % in excess of that secured at the time of CEO endorsement. Notably, high additional co-financing was secured by the Okavango (533 % of proposed), Lake Chad (273 % of proposed) and Lake Manzala (743 % of proposed) projects. No project realized actual co-financing less than that projected at CEO endorsement.</p>	<p>UNEP provided an analysis of realized co-financing of the 12 projects that were evaluated during FY 2007. Out of these, ten projects have met or exceed their co-financing target while two, at the mid-term review stage, are lagging.</p> <p>The 5 projects that have gone through a terminal evaluation have all met or exceeded the expected co-financing at the time of approval. The total expected co-financing for these projects was \$26.5 million, and the actual amount realized totaled \$32.8 million.</p>	<p>The World Bank submitted an analysis of co-financing for its International Waters projects for FY 2007. For this reporting period, seven projects have gone through a mid-term evaluation and three have gone through a terminal evaluation.</p> <p>Two completed projects have submitted data on actual co-financing. The <i>Romania Agricultural Pollution Control (APCP) Project</i> met its expected co-financing of \$5.65 million. The <i>China Guangdong Pearl River Delta Urban Environment Project's</i> expected co-financing was \$128 million, and the actual was \$127.36 million.</p> <p>The remaining six projects have yet to report their co-financing to the GEF Anchor within the World Bank. They are currently in default, and a percentage of their regional support will be held back until they come into full reporting compliance.</p>

## FOCAL AREA RESULTS

## Biodiversity

45. This year's AMR exercise includes 216 biodiversity projects that were under implementation in FY 2007. These projects include 130 full-sized projects and 86 medium-size projects, and they amount to over \$980 million in GEF grants.

46. The majority of the projects included in this year's AMR were rated as satisfactory (marginally satisfactory or higher) for both implementation progress (94%) and the likelihood of achieving their development/global environment objectives (94%). Table 3 presents a summary of the ratings provided by Agencies for biodiversity projects under implementation in FY 2007.

**Table 3. Summary of Ratings of Biodiversity Projects: All Agencies**

Implementation Progress Ratings	Project Count	Percentage	Development Objectives Ratings	Project Count	Percentage
HS	13	6%	HS	11	5%
S	134	62%	S	141	65%
MS	56	26%	MS	51	24%
MU	6	3%	MU	7	3%
U	4	2%	U	3	1%
no rating	3	1%	no rating	3	1%
Total:	216	100%		216	100%

47. The Agencies have also provided biodiversity tracking tools data for GEF-3 projects that have reached mid-term evaluation. An analysis of this data is presented in Annex 3.

## Climate Change

48. AMR 2007 includes 128 climate change projects under implementation. These projects account for over \$830 million of GEF funds. A total of 20 climate change (CC) projects were formally completed this year and will not be appearing in future AMRs.

49. The largest number of projects under implementation this year are still supporting renewable energy with 50% of the World Bank's projects (52 total, 9 with IFC); 45% of UNDP's projects (64 total); and 50% of UNEP's projects (12 total).

50. Although renewable energy projects seem to dominate the portfolio, energy efficiency projects seem to yield the largest greenhouse gas (GHG) abatement results. According to UNDP's estimates of GHG abatement, the energy efficiency projects account for 86 million tonnes of CO<sub>2</sub> equivalent reduced or avoided by climate change projects during the year, out of 89 million tonnes total. Although no other Agency has attempted to quantify the GHG abatement of their ongoing projects yet, it is likely that this dominance of GHG mitigation achievements by energy efficiency over other CC programming areas reflects the experience of other Agencies as well.



51. The vast majority of the climate change projects included in this year's review were rated as satisfactory (marginally satisfactory or higher) for both implementation progress (91%) and the likelihood of achieving their development objectives (93%). Of the projects rated marginally unsatisfactory or worse, the Agencies have indicated that they are taking corrective measures on all of them—either to re-work or restructure the project, or in several extreme cases, to cancel them. Table 4 presents a summary of ratings provided by the Agencies.

**Table 4. Summary of Ratings of Climate Change Projects: All Agencies**

Implementation Progress Ratings	Project Count	Percentage	Development Objectives Ratings	Project Count	Percentage
HS	7	5%	HS	6	5%
S	77	60%	S	78	61%
MS	33	26%	MS	34	27%
MU	9	7%	MU	8	6%
U	1	1%	U	1	1%
no rating	1	1%	no rating	1	1%
Total:	128	100%		128	100%

52. The Climate Change Task Force does not seem to have made much progress in indicator reporting during the past year. Despite the requests that all portfolio reporting attempt to estimate progress to date in reducing GHG emissions from the ongoing portfolio, only UNDP has attempted to do this. Other Agencies have indicated that lack of indicators and consistent guidelines on GHG measurement are the key reasons why such reporting has not taken place. In addition, none of the Agencies reporting this year has made any attempt to quantify or systematically report on the qualitative indicators of project achievement. These indicators are probably more important for an ongoing project than GHG abatement indicators, as they serve as intermediate indicators for the real long-term achievement of GHG reductions. The Task Force will be discussing this issue over the coming months to ensure that future reports improve in this regard.

## International Waters

53. This year's AMR includes 58 international waters projects under implementation. These projects include 51 full-sized projects and 7 medium-sized projects, and they account for over \$452 million of GEF grant financing.

54. The majority of the projects included in this year's AMR were rated as satisfactory (marginally satisfactory or higher) for both implementation progress (93%) and the likelihood of achieving their development/global environment objectives (96%). Table 5 presents a summary of the ratings provided by Agencies.

**Table 5. Summary of Ratings of International Waters Projects: All Agencies**

Implementation Progress Ratings	Project Count	Percentage	Development Objectives Ratings	Project Count	Percentage
HS	7	12%	HS	6	10%
S	29	50%	S	37	64%
MS	18	31%	MS	13	22%
MU	2	3%	MU	0	0%
U	2	3%	U	2	3%
no rating	0	0%	no rating	0	0%
Total:	58	100%		58	100%

55. Additional in-depth analysis for the international waters projects that were under implementation in FY 2007 is provided in Annex 3.

### Land Degradation

56. The land degradation (LD) focal area does not yet have a critical mass of projects that have gone through mid-term or final evaluations to derive portfolio level results. As of June 30, 2007, only 19 LD projects were at some stage of implementation. Of these, 12 are medium-sized projects and 7 are full-sized projects. None of the full-sized projects has yet gone through a mid-term evaluation, and only one medium-sized project has been completed.

57. The Agency ratings of individual projects for FY 2007 indicate that 17 of the 20 projects were rated satisfactory (marginally satisfactory or higher) for both implementation progress (85%) and the likelihood of attaining development/global environment objectives (85). Table 6 presents a summary of Agency ratings.

**Table 6. Summary of Ratings of Land Degradation Projects: All Agencies**

Implementation Progress Ratings	Project Count	Percentage	Development Objectives Ratings	Project Count	Percentage
HS	0	0%	HS	0	0%
S	13	65%	S	13	65%
MS	4	20%	MS	4	20%
MU	1	5%	MU	1	5%
U	0	0%	U	0	0%
no rating	2	10%	no rating	2	10%
Total:	20	100%		20	100%

## Persistent Organic Pollutants and Ozone Layer Depletion

58. There were only 7 full and medium-sized active persistent organic pollutants (POPs) projects at some stage of implementation, as of June 30, 2007. For ozone depletion, 3 full-sized projects were at some stage of implementation. Neither focal area has a large enough sample of projects to derive portfolio level results.

59. Based on Agency ratings of individual projects, all POPs projects were rated satisfactory (marginally satisfactory or higher) for implementation progress as well as for the likelihood of attaining developmental/global environment objectives. Table 7 presents a summary of Agency ratings.

**Table 7. Summary of Ratings of POPs Projects: All Agencies**

Implementation Progress Ratings	Project Count	Percentage	Development Objectives Ratings	Project Count	Percentage
HS	3	43%	HS	3	43%
S	3	43%	S	2	29%
MS	1	14%	MS	2	29%
MU	0	0%	MU	0	0%
U	0	0%	U	0	0%
no rating	0	0%	no rating	0	0%
Total:	7	100%		7	100%

60. Based on Agency ratings of 4 ozone depletion projects under implementation in FY 2007, two projects were rated satisfactory and one was rated marginally satisfactory for implementation progress. All three projects were rated satisfactory for the likelihood of attaining developmental/global environment objectives. One project did not provide ratings.

## LESSONS LEARNED

61. For the AMR 2007, each Agency has presented lessons learned by focal area based on projects that have gone through mid-term or final evaluations. This information is available in Agency Overview Reports provided on the Results - Monitoring page of the GEF website ([www.thegef.org](http://www.thegef.org)).

62. The GEF Agencies have also identified a number of lessons learned that cut across focal areas. A few have been identified as significantly impacting project implementation (positively or negatively) and are included here:

- (a) **Stakeholder Participation:** A multi-stakeholder participatory partnership approach to project design and implementation is critical to a project's success. Consensus should be established from the project design phase and built into project implementation. In the case of local communities, there is a need for

greater emphasis on local ownership, promotion of co-management alternatives, and capturing of local knowledge.

- (b) **Unrealistic Expectations:** Overambitious project design, including optimistic performance and outcome targets, is a risk factor for underperformance.
- (c) **Enabling Environments:** Enabling environments should be strengthened to ensure that policies, strategies, and plans are in compliance; that there is strong political support; and that an institutional framework exists to implement policies.
- (d) **Political Climate:** Several projects for all Agencies were affected by an unfavorable political climate. The two regions affected the most were Latin America and the Caribbean, and Africa.
- (e) **Monitoring and Evaluation:** The World Bank overview report provides an analysis of the lessons learned identified by the Bank's Independent Evaluation Group (IEG) in its review of 108 completed full-sized projects. One of the main cross-cutting findings was the absence of baselines, explicit targets and quantitative indicators. This was a prevalent problem which limited the ability to measure progress, outcome, and impacts. In particular, where new technologies were introduced, the absence of quality indicators meant that accurate assessment of the viability and performance of these innovations could not be made. The Secretariat and the GEF Agencies will try to minimize this weakness through the development of the GEF-4 focal area indicators and the requirement that baselines are completed and recorded according to the GEF M&E Policy.
- (f) **Inadequate Uptake of Lessons Learned:** The World Bank overview report, based on the IEG review, also points out that many of the lessons learned from earlier completed projects have not been fully applied, and many avoidable problems tend to resurface in recently completed projects as well as in those under implementation. These lessons include the importance of local ownership and the prevalence of over-ambitious projects.

#### **GEF-4 RESOURCE ALLOCATIONS**

63. Between the start of GEF-4 and December 31, 2007, the GEF approved \$869.06 million in grants and associated Agency fees. This amount represented over a fourth of the total resources expected to be available in GEF-4. The distribution of the approved amounts by focal areas/corporate programs compared to the corresponding programming targets are shown in Table 8.<sup>8</sup> The amounts approved for multi-focal projects have been split and added to the contributing focal areas. Similarly, the amounts approved for the Small Grants Program (SGP)

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<sup>8</sup> The programming targets are based on the agreements reached during GEF-4 replenishment. They have not been adjusted for changes in the total resource availability resulting from project cancellations, fluctuations in investment income or foreign exchange rates.

have been split. The SGP core funds are reported under corporate programs, and contributions made by countries from their Resource Allocation Framework (RAF) allocations for biodiversity or climate change focal areas are reported under the contributing focal area.

64. The programming rates across the different focal areas have been uneven, as can be seen from the last column of Table 8. About three quarters of the resources for corporate programs, which include the SGP, and more than half the resources in the land degradation focal area have been programmed. Conversely, programming in the biodiversity and climate change focal areas has lagged, largely due to the transition to the RAF.

**Table 8: Cumulative GEF-4 Approvals and Programming Targets  
By Focal Area and Corporate Program (US\$ million) (up to Dec. 31, 2007)<sup>9</sup>**

GEF Focal Areas and Corporate Programs	Programming Targets for GEF-4		Approved Amounts up to December 31, 2007			
	Amount	Share of total (%)	Grant	Agency Fees	Total	Share of Target Approved (%)
Biodiversity	950.00	31.6%	153.13	14.58	167.70	17.7%
Climate Change	950.00	31.6%	170.66	16.20	186.86	19.7%
International Waters	335.00	11.1%	112.10	11.22	123.32	36.8%
Ozone Depletion	40.00	1.3%	0.84	0.08	0.91	2.3%
Land Degradation	282.00	9.4%	155.63	14.55	170.18	60.3%
Persistent Organic Pollutants (POPs)	282.00	9.4%	54.24	5.65	59.89	21.2%
Core Corporate Programs	15.00	0.5%	-	-	-	0.0%
Corporate Programs	156.00	5.2%	106.00	4.00	110.00	70.5%
Public-Private Partnerships	-	0.0%	50.19	-	50.19	N/A
Total: Resources Programmed	3,010.00	100.0%	802.78	66.27	869.06	28.9%

<sup>9</sup> This table was produced by the GEF Secretariat's project management information system on March 14, 2008.

## **ANNEX 1: FOCAL AREA INDICATOR PROGRESS**

### **BIODIVERSITY**

#### **GEF-3 Project Cohort**

1. During GEF-3, biodiversity projects under Strategic Objective One, “Catalyzing Sustainability of Protected Areas,” and Strategic Objective Two, “Mainstreaming Biodiversity Conservation in Production Landscapes/Seascapes and Sectors,” used Tracking Tools to monitor portfolio level indicators and to measure progress in achieving the outcomes established at the portfolio level.
2. The GEF Secretariat has collated the data collected for the entire GEF-3 cohort of projects and entered it into an MS Access database to allow for easier tracking of results and data analysis. A report on available data is presented in Annex 2 of this paper. The Secretariat will continue to report back to Council on portfolio-level results as the projects in the cohort progress through implementation and a substantive proportion of the cohort group have reached the mid-term and final evaluation stages.<sup>10</sup>

#### **GEF-4 Project Cohort**

3. Given changes in the GEF’s biodiversity strategy for GEF-4, slightly modified tracking tools have been developed and posted on the Biodiversity – Tracking Tools page on the GEF website ([www.thegef.org](http://www.thegef.org)).
4. For Strategic Objective One, an updated version of the “World Bank/WWF Alliance for Forest Conservation and Sustainable Use Site-Level Management Effectiveness Tracking Tool (METT) for Protected Areas” is being used. This tool reflects global experience gained with the version of the METT that the GEF used in GEF-3. In addition, a “Financial Sustainability Scorecard” will be applied for GEF-4 projects and submitted on a pilot basis for projects that are being submitted under Strategic Program One of the Strategic Objective: “Sustainable Financing of Protected Area Systems at the National Level.”
5. For Strategic Objective Two, slight modifications have been made for the tracking tools to reflect the focus on mainstreaming that will be supported during GEF-4.

#### **Upcoming Work on Indicators, Portfolio Monitoring and Tracking Tools**

6. For Strategic Objective Three, “Safeguarding Biodiversity,” which includes strategic programs on biosafety and invasive alien species; and for Strategic Objective Four, “Building Capacity on Access and Benefit Sharing”, new tracking tools are under development.

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<sup>10</sup> The tracking tools are applied three times: at CEO endorsement or CEO approval for MSPs, at project mid-term, and at project completion.

7. In addition, during 2008, the GEF-4 biodiversity tracking tools will be transferred from word documents to an online application to facilitate data submission by the GEF Agencies and future data analysis.

8. Project data from the GEF-3 and GEF-4 project cohorts will be separately aggregated for analysis of directional trends and patterns at a portfolio-wide level. This analysis will be used to inform the development of future GEF strategies and to report to GEF Council on portfolio-level performance in the biodiversity focal area. Relevant results will be shared with the CBD for its reporting on the 2010 target, as well as with the global conservation community.

## **INTERNATIONAL WATERS**

### **GEF-3 Projects Tracking Tool**

9. During the last two project performance review cycles, Agencies have piloted the use of the first tracking tool in the GEF international waters focal area. Several Agencies have found the tool to be useful. As a result of these tests, the GEF International Waters Task Force (IWTF) has worked to simplify the tracking tool for future annual reporting. At its first meeting of 2008, the IWTF agreed to use the simplified tracking tool for annual reporting on projects funded during the GEF-3 period and is finalizing the template and instructions for the new annual review cycle of 2008-2009.

### **GEF-4 Projects Tracking Tool**

10. With the GEF-4 replenishment and the GEF-4 Strategic Programs, a modified tracking tool is necessary for supporting Results-based Management (RBM). A proposed framework modeled on the one used for GEF-3 projects was discussed by the IWTF in January, 2008. A working group was formed to further develop the tool. The goal is for the adoption of the tracking tool by all GEF Agencies at a day-long workshop planned for April 25, 2008, the last day of the GEF Council meeting. The workshop will also provide an orientation for new GEF Agencies to learn more about the International Waters Focal Area.

### **Special Initiative for Results-based Management**

11. Sectoral complexity and the large scale of various water-related transboundary concerns addressed by the International Waters focal area pose challenges for RBM. In terms of the GEF's desire to scale up limited demonstration efforts in various sectors that may impact surface, groundwater and marine resources, forecasting of results in complex programmatic approaches and monitoring changes in waterbodies after small GEF interventions remain challenging. So far, the IWTF has utilized \$23,000 of the \$55,000 allocated by the Council for developing indicators. The results of initial thinking and a discussion workshop held for GEF Agencies in Moldova in conjunction with another GEF meeting in late 2006 were previously reported to the Council. The World Bank provided substantial financing to that Moldova workshop and the follow-up 6th Regional Conference on Nutrient Pollution Control in the Danube-Black Sea

Basin in Ankara, Turkey, during 2007. The objective of these conferences was to measure nutrient reduction across various sectoral interventions and to aggregate results from project level to national and water basin levels. A positive result has been the establishment of a Nutrient Reduction Community of Practice.

12. The IWTF plans to utilize the remainder of the funding in FY 2008 to further take stock of expected accomplishments in its programmatic approaches and to develop an interim approach to the problematic prediction and monitoring issues for RBM that exist with these complex transboundary water programs.

## **LAND DEGRADATION**

13. The GEF medium-sized project, *Ensuring Impacts from Sustainable Land Management (SLM)*, aims to establish a scientifically rigorous yet pragmatic indicator system for the GEF land degradation (LD) focal area to measure results at the project, portfolio and global levels. This indicator system will contribute to better knowledge management for GEF financed initiatives that focus on mitigating land degradation, especially desertification and deforestation. The MSP will also establish a learning network to strengthen knowledge exchange across the GEF LD portfolio and lay the foundations for a harmonized interagency monitoring system for adaptive management and the evaluation of impacts.

14. The indicator system will distinguish between the following three categories of indicators:

- (a) **Global-level indicators:** measured at the global-level using consistent global data sets, and may be applied for the purpose of prioritizing future GEF resource allocation.
- (b) **Portfolio-level indicators:** rolled up from the project to the portfolio level to track global environmental and livelihood outcomes, as well as impacts of LD investments.
- (c) **Project-level indicators:** measured at the project level in order to monitor progress towards outcomes and impacts of GEF financed initiatives as a basis for adaptive management and future impact evaluation. Information will be rolled up to the portfolio level. This category of indicators will be embedded in a fully functional score card or tracking tool system.

15. Table 1.1 provides a summary of these indicators.



## Global-level Indicators and Methodologies

16. Data and methodologies are readily available for the following set of global-level LD indicators:

- (a) **Land cover:** measured as fractions of cropland, forests, rangeland, urban areas etc. This information will provide the context required for the interpretation of other selected indicators. Currently, a number of global data sets are being reviewed regarding their suitability for providing globally consistent land cover information at a useful resolution.
- (b) **Land Productivity:** measured as global trends in rainfall adjusted greenness based on the Normalized Difference Vegetation Index (NDVI). The greenness measure will be calculated using the decadal trend in annually accumulated NDVI, interpreted in conjunction with trends in rainfall and temperature. It will be necessary to use the satellite-derived NDVI measures, because they are globally consistent and can be updated on an annual basis. Data sets produced by Global Assessment of Land Degradation and Improvement (GLADA) / World Soil Information (ISRIC) are suitable and will be available in a few months.
- (c) **Water Availability:** measured as per capita availability of surface and groundwater. A methodology is being developed in consultation with expert organizations. It is anticipated that “water availability” will include information on runoff, groundwater extraction, river flow and groundwater stock. The Netherlands Institute of Applied Geoscience (TNO) in Utrecht, the Netherlands, has developed a global groundwater product for UNESCO that might be suitable.
- (d) **Rural Income:** measured as the fraction of a population living with incomes below \$1/day and as per capita income distribution.

17. There are additional indicators that have the potential to be developed in the medium term, over the next 2-10 years. These include:

- (a) **State Indicators**, such as total system carbon, for which a methodology is expected to be developed within the next 2 years with financial support by the GEF through the Carbon Benefits Project, jointly implemented by the World Bank and UNEP.
- (b) **Impact on Ecosystem Services Indicators**, which include (i) productivity of rangelands based on satellite derived FPAR (Fraction of Photo Synthetically Active Radiation Absorbed), (ii) agriculture/crop production based on total factor crop productivity (or crop yield), (iii) forest productivity, and (iv) per capita water availability, including information on green water resources, ground water recharge (base flow and runoff) as well as soil erosion (sediment delivery).

- (c) **Human Wellbeing Indicators**, which entail the development of a new index based on the number of people affected by inadequate ecosystem service supply. The measure would be calculated as a function of ecosystem services (water, food, fuel etc.) juxtaposed with available income, and interpreted in conjunction with the vulnerability of the exposed population. This indicator has a high strategic significance for the GEF because it is expected to be applicable across all GEF focal areas. It also has a great potential for broad up-take beyond the GEF.

18. The Center for International Earth Science Information Network (CIESIN) is currently working to complete the profiles for the selected global-level indicators. These profiles will provide information on, inter alia, methodologies, availability of data sets, sensitivity analysis, and cost implications to measure these indicators. Furthermore, global maps will be produced. The final report is expected to be available at the end of April 2008.

### **Portfolio-level Indicators and Methodologies**

19. The main methodology for portfolio indicators will be aggregation of project-level results. Because of the relatively small investment volume of the LD focal area, it is not expected that GEF investments can significantly affect the values of the global-level indicators. The validity of portfolio-level indicators will greatly depend on the development of project-level outcome and impact indicators since they will be rolled up to the portfolio level.

### **Project-level Indicators and Methodologies**

20. For defining project level indicators, the focus will be on two types of indicators: impact and outcome. The impact indicators include:

- (a) Area of (agro-) ecosystems included in the project footprint
- (b) Productivity by (agro-) ecosystem
- (c) Well-being Index (number of people affected by inadequate ecosystem service supply)
- (d) Total system carbon

21. The development of an index based on trends in land productivity (defined as the capacity to deliver a list of ecosystem services, such as water, wood, crops etc.) has been proposed, combined with changes in the well-being of affected and vulnerable populations. This index would be measured for a project's intended impact area (project footprint) in all ecosystem types, including cropland, rangeland, forests and wetlands, at the inception of a project, at project termination and a few years after project termination.

22. There is a need to further discuss how trade-offs between focal area objectives might be identified and monitored. The discussion on how to capture best project outcomes is still ongoing. Two options are under consideration:

- (a) A range of toolboxes, each with a limited number of indicators. This approach would allow an easy roll up to the GEF portfolio-level.
- (b) A score card or tracking tool that captures key aspects of “sustainable land management” as a system. This scorecard or tracking tool would track “system changes” more qualitatively than quantitatively during the lifetime of a project. This option is currently implemented by the IW and BD focal areas.


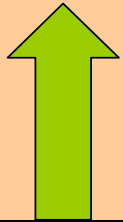
23. For both options, two ways of categorizing toolbox indicators and the score card/tracking tool content have been discussed:

- (a) According to the type of intervention, including policy development, mainstreaming, capacity building, sustainable financing of projects, and direct interventions; or
- (b) According to the type of barriers or challenges addressed by the intervention, including governance, policy, institutional, knowledge and financial barriers/challenges.

### **Next steps**

24. The selection of global-level indicators has been finalized and a refinement of methodologies is under way. The work on the project and portfolio level indicators will be continued. The goal is to have a complete indicator system for the LD focal area in place by the beginning of GEF-5.

**Table 1.1 Summary of the Current Indicators for the LD Focal Area**

Level	Indicator Type	Indicators	Methodology	Data Availability
GLOBAL 	Impact  (mainly to be used for the purpose of resources allocation)	Land cover  (fractions of crops, forest, rangelands, urban, etc)	Remote sensing	FAO – Land Cover/ Land Use Maps; others
		Land productivity  - Greenness measure - Land productivity trends	GLADA  Remote sensing (NPP, NDVI - corrected by RUE)	FAO/ISRIC
		Water availability (per capita)  -Surface and groundwater	CIESIN to deliver	CIESIN to deliver
		Rural Poverty  - Income per capita distribution - Fraction of population below \$1/day	World Bank	World Development Report
PORTFOLIO 	Impact	See project-level	Aggregation	Aggregation from approved/ endorsed projects
	Outcome	See project-level	Aggregation	Aggregation from score card/tracking tool approved/ endorsed projects
PROJECT	Impact	Area of (agro-) ecosystems included in the project footprint	Remote sensing	By project to be collected prior to approval/ endorsement – remote sensing, national maps, baseline study
		Productivity by (agro-)	To be developed	To be determined

## **OZONE LAYER DEPLETION**

25. In the ozone depletion focal area, the main indicator remains the amount of ozone depleting chemicals phased out from consumption or production, adjusted for their ozone depletion potential (ODP). Each GEF project monitors and reports on this indicator. No further work is anticipated on this front.

## **PERSISTENT ORGANIC POLLUTANTS**

26. In the persistent organic pollutants (POPs) focal area, a set of indicators was developed by the POPs task force to track progress on the implementation of the GEF-4 POPs strategy, and focal area results and impacts. These indicators are project outcome indicators that can be aggregated from different but related projects to provide an overview of the results at the focal area level. These indicators are not the only ones that could be used to describe achievements under a particular strategic program or cohort of projects. Rather, they constitute a limited number of indicators that can be measured and aggregated to provide a meaningful overview of portfolio achievement.

27. Individual POPs projects should include, at the minimum, one of these indicators in their results matrix. Individual projects typically also include other indicators to track other dimensions of expected project results, but these could differ between projects and may not contribute to the broad overall assessment of focal area-wide achievements.

28. The indicators encompass enabling environment indicators (e.g., regulatory frameworks in place or increased capacity for enforcement) and stress reduction indicators (e.g., number and unit cost of tons of polychlorinated biphenyls (PCB) destroyed in an environmentally sound manner, or amount and unit cost of avoided emissions of by-products). Environmental impacts will be assessed in the framework of the overall evaluation of the effectiveness of the Convention.

29. On-going work includes the development of more refined indicators for specific types of intervention / focal area sub-sets (for example, for PCB management interventions).

## **CLIMATE CHANGE**

30. By the end of 2007, the climate change focal area team had completed the methodological handbook titled “Manual for Calculating GHG Benefits of GEF Projects: Energy Efficiency and Renewable Energy Projects”. This manual outlines the methodology to be followed in estimating the potential and actual CO<sub>2</sub> emissions to be avoided through GEF interventions related to energy efficiency and renewable energy projects. It is available as an information document for this Council meeting and, together with a programmable spreadsheet incorporating the methodology, has been circulated for use by the entire GEF Climate Change Task Force. This manual and the programmable spreadsheet are the final products of work that was initiated in 2003.

31. All GEF climate change projects in the climate change focal area are now required to provide an estimate of the direct and indirect project-related CO<sub>2</sub> emissions at the time of CEO endorsement; during appropriate times during project implementation; and at terminal evaluation. This should result in a marked improvement in the ability to report on portfolio impacts.

32. The challenge remaining in the climate change focal area is in the sustainable transport field. The GHG impact estimates from the portfolio so far have been inconsistent and, as a result, somewhat misleading. Funds have been allocated and terms of reference have been prepared to develop a consistent methodology for estimating the GHG impacts of sustainable transport projects. This task will be completed within the next year, so all sustainable transport projects will be required to utilize the methodology to estimate and report on GHG abatement at the time of CEO endorsement and through the project's lifetime.

## ANNEX 2: ADDITIONAL DATA

**Table 2.1. GEF Project Allocations by Agency (as of June 30, 2007)<sup>11</sup>**

	FSPs		EAs		MSPs		Totals	
Agency	Project Count	GEF Grant (US\$ m)	Project Count	GEF Grant (US\$ m)	Project Count	GEF Grant (US\$ m)	Project Count	GEF Grant (US\$ m)
ADB	9	52.97	0	0	3	2.28	12	55.25
FAO	1	4.23					1	4.23
GEFSEC	1	2.6	0	0	0	0	1	2.6
IADB	6	25.83	0	0	1	0.64	7	26.47
IFAD	4	24.89			1	1	5	25.89
Joint Projects	61	714.11	5	64.67	6	5.42	72	784.2
UNDP	314	1994.22	504	133.96	135	117.08	953	2,245.26
UNEP	59	334.03	197	94.19	87	66.26	343	494.48
UNIDO	5	28.18	40	22.45	1	1	46	51.63
World Bank	368	3563.82	38	8.80	110	91.44	516	3,664.06
Totals	828	6744.88	784	324.07	344	285.11	1,956	7,354.06

**Table 2.2. GEF Project Allocations by Focal Area (as of June 30, 2007)<sup>12</sup>**

	FSPs		EAs		MSPs		Totals	
Focal Area	Project Count	GEF Grant (US\$ m)	Project Count	GEF Grant (US\$ m)	Project Count	GEF Grant (US\$ m)	Project Count	GEF Grant (US\$ m)
Biodiversity	319	2190.3	293	93.75	192	160.22	804	2,444.27
Climate Change	271	2,210.48	228	145.17	70	57.51	569	2,413.16
International Waters	105	915.16	0	0	22	18.55	127	933.71
Land Degradation	31	331.04	0	0	16	13.96	47	345
Multi-focal Areas	65	767.12	139	28.47	30	24.28	281	819.87
Ozone Depletion	20	178.11	0	0	6	4.61	26	182.72
POPs	17	152.66	124	56.69	8	5.98	149	215.33
Totals	828	6744.88	784	324.07	344	285.11	1,956	7,354.06

<sup>11</sup> The data presented here was generated by the Secretariat's management information system on March 13, 2008.

<sup>12</sup> The data presented here was generated by the Secretariat's management information system on March 13, 2008.

**Table 2.2 Closed Projects Submitted for 2007 AMR**

Agency	Focal Area	Project Title	Project Size	Closing Date
UNDP	BD	Landscape-scale Conservation of Endangered Tiger and Rhinoceros Populations in and around Chitwan National Park	MSP	04/30/2006
	CC	Supply-Side Efficiency and Energy Conservation and Planning	FP	06/01/2006
	BD	Conservation of BD through Integrated Collaborative Management of Rekawa, Ussangoda & Kalametiya Wetlands	MSP	06/30/2006
	CC	Pacific Islands Renewable Energy Project (PIREP)	MSP	08/31/2006
	BD	Establishment of Private Reserve Heritage in the Brazilian Cerrado Biome	MSP	10/30/2006
	BD	Community-based Coastal and Marine Conservation in Milne Bay Province	FP	11/21/2006
	BD	Management and Conservation of Wetland BD in the Esteros del Iberá	MSP	12/01/2006
	CC	Barrier Removal for the Widespread Commercialization of Energy-Efficient CFC-free Refrigerators in China	FP	12/01/2006
	BD	Upper Mustang BD Conservation Project	MSP	12/31/2006
	BD	Mountain Areas Conservancy Project	FP	12/31/2006
	BD	Conservation and Sustainable Use of Globally Significant BD Chiloé	MSP	12/31/2006
	CC	Reducing Greenhouse Gas Emissions through the Use of Biomass Energy in Northwest Slovakia	MSP	12/31/2006
	CC	Improving the Energy Efficiency of the Heat and Hot Water Supply	MSP	12/31/2006
	CC	Reduction of Methane Emissions and Utilization of Municipal Waste for Energy in Amman	FP	03/27/2007
	BD	Mekong River Basin Wetland BD Conservation and Sustainable Use	FP	03/30/2007
	CC	Capacity Building for Stage II Adaptation to CC in Central America, Mexico and Cuba	FP	03/31/2007
	BD	Management of the Cardamom Mountains Protected Forest and Wildlife Sanctuaries	MSP	04/30/2007
	CC	Commercialization of Super-insulating Building Technology in Mongolia	MSP	04/30/2007
	BD	BD Conservation and Management of the Bohol Islands Marine Triangle	MSP	06/30/2007
	BD	Establishment of a Programme for the Consolidation of the Mesoamerican Biological Corridor	FP	06/30/2007
	CC	Industrial Energy Efficiency and Improvement Project	FP	06/30/2007
	CC	Removing Barriers to the Increased Use of Biomass as an Energy Source	FP	06/30/2007
	BD	In Situ Conservation of Native Cultivars and Wild Relatives	FP	11/31/2006
UNEP	BD	Conservation of Gramineae and Associated Arthropods for Sustainable Agricultural Development in Africa	MSP	10/01/2007
	BD	Support to the Implementation of the National Biosafety Framework	MSP	12/16/2007
	BD	Conservation and Sustainable Management of Below Ground BD, Tranches I	FP	06/01/2005
	CC	Assessments of Impacts and Adaptation to CC in Multiple Regions and Sectors (AIACC)	FP	03/01/2008
	CC	Building Sustainable Commercial Dissemination Networks for Household PV Systems in Eastern Africa	MSP	12/31/2006
	LD	Global Support to Facilitate the Early Development & Implementation of LD Programs & Project Under the UNFCCC	MSP	08/01/2007
	MFA	Management of Indigenous Vegetation for the Rehabilitation of Degraded Rangelands in the Arid Zone of Ethiopia	FP	09/30/2007
WB	MFA	IM of Peatlands for BD and CC: Potential of Managing Peatlands for Carbon Accumulation While Protecting Biodiversity	MSP	06/01/2007
	CC	W. JAVA ENVT MGMT	FSP	06/30/2006
	BD	CENTRAL ASIA BIODIV (GEF)	FSP	06/30/2006
	BD	BD Conservation Management	FSP	09/30/2006
	BD	Critical Ecosystem Partnership Fund	FSP	06/30/2010
	CC	Developing the legal and regulatory framework for wind power in Russia	MSP	07/31/2005
	CC	ENERGY EFFICIENCY	FSP	06/30/2006
	BD	Sustainability of Protected Areas	FSP	06/30/2006
	CC	ALTERNATIVE ENERGY	FSP	06/29/2006
	CC	Methane Capture & Use at a landfill	FSP	06/30/2006
	BD	Ecomarkets	FSP	09/30/2006
	BD	Aquatic BD Conservation	FSP	12/31/2004
	IW	PREPARATION OF THE EASTERN NILE SUBSIDIARY ACTION PROGRAM WATERSHED MANAGEMENT	MSP	06/30/2006
	IW	Niger-Integrated Land and Water Management (ILWM) Initiative for Africa	MSP	02/28/2008
	MFA	Dynamics of BD Loss and Permafrost Melt in Lake Hovsgol National Park (targeted research)	MSP	10/31/2006
	BD	Sangihe-Talaud Forest Conservation	MSP	12/31/2006
	CC	REHABILITATION AND EXPANSION OF SMALL HYDRO-PLANS ON THE RIVER RABA PROJECT	MSP	06/30/2006
	BD	GRASSLAND CONSV (GEF MSP)	MSP	
	BD	Dry Forest BD Conservation	MSP	06/30/2006
	CC	Methane Demonstration Project	MSP	12/31/2005
	BD	Conservation of Indigenous People in Pastaza	MSP	10/31/2005
	BD	Community Managed Sarstoon Temash	MSP	05/05/2006
	BD	Private Protected Areas	MSP	12/31/2005
	CC	Energy & Environment Upgrading of Sidi Bernoussi Industrial Park	MSP	12/31/2006



## **ANNEX 3: ADDITIONAL FOCAL AREA RESULTS**

### **BIODIVERSITY**

1. As part of the GEF-3 Business Plan, a set of coverage and outcome indicators were agreed for the two primary strategic priorities during GEF-3: Strategic Priority One on protected areas (PAs) and Strategic Priority Two on biodiversity mainstreaming.
2. Beginning in GEF-3 and continuing in GEF-4, the biodiversity focal area began to apply a set of tracking tools to measure progress in achieving the targets and indicators established at the portfolio level under these strategic priorities. The indicators and targets are being tracked for all GEF-3 projects. The tools are applied at work program inclusion (establishing the baseline), and at the mid-term and final evaluations.
3. Each year, a snapshot of progress to date with the GEF-3 cohort will be presented to the Council as part of the AMR exercise. Once at least 50% of the GEF-3 biodiversity project portfolio has undergone a mid-term review, portfolio outcomes will be summarized and presented to Council in order to provide a more substantial view of portfolio-level progress. This will be repeated once 100% of the GEF-3 project cohort has undergone a mid-term evaluation and once the GEF-3 cohort is 50% and 100% implemented and projects have undergone final evaluations and submitted the final version of the tracking tools.
4. Data from the GEF-3 project cohort will be aggregated for an analysis of directional trends and patterns at a portfolio-wide level. This will help inform the strategic priorities of the GEF and report to the GEF Council on portfolio-level performance in the biodiversity focal area.
5. A similar process is in place for tracking the GEF-4 output and outcome indicators at the portfolio level.

### **Results**

6. Coverage results achieved for GEF's primary strategic priorities in biodiversity at the end of GEF-3 approvals are presented in Table 1.

**Table 1. FY 2003-06 Project Contributions to the Biodiversity Targets stated in the Business Plan for GEF-3**

<b>Strategic Priority One for GEF-3</b>	<b>Coverage Targets for GEF-3</b>	<b>Project Contributions to GEF-3 Coverage Targets</b>
Catalyzing Sustainability of Protected Area Systems at National Levels.	At least 15 countries receive support for strengthening PA systems to ensure their long-term sustainability.	41 countries have received support.
	At least 400 PAs supported (through about 80 projects), of which at least 20% should be new additions.	566 PAs were supported, including 63 new PAs. The number of new PAs is about 11 % of total number of PAs supported.
	At least 70 million hectares of PAs supported	137.2 million hectares of PAs were supported. The total area of PAs that are new is about 14.6 % of the total hectares covered.
	Number of PAs and total hectares under any “global priority lists”	Total hectares under “global priority lists” are 76.6 million hectares or about 55.8 % of the total coverage. This includes: <ul style="list-style-type: none"> <li>• 10 World Heritage Sites (5.8 million hectares; about 4.4 % of total coverage)</li> <li>• 47 WWF 200 sites (41.3 million hectares; about 30 % of total coverage)</li> <li>• 32 Biosphere Reserves (26.4 million hectares; about 20 % of total coverage)</li> <li>• 40 Ramsar sites (3 million hectares about 2.3 % of total coverage)</li> </ul>
<b>Strategic Priority Two for GEF-3</b>		
Mainstreaming Biodiversity Conservation in Production Landscapes/Seascapes and Sectors	At least 5 projects are supported in each of the targeted sectors (agriculture, forestry, fisheries, and tourism) focused on mainstreaming biodiversity into the sector.	Support was provided to: <ul style="list-style-type: none"> <li>• Agriculture : 43 projects</li> <li>• Fisheries : 21 projects</li> <li>• Forestry : 26 Projects</li> <li>• Tourism : 23 projects</li> <li>• Mining : 3 projects</li> </ul>

	At least 20 million ha are in production landscapes and seascapes that contribute to biodiversity conservation or the sustainable use of its components.	98.6 million hectares were in landscapes and seascapes that contribute to biodiversity conservation or the sustainable use of its components.
	At least 5 countries promote conservation and sustainable use of wild species and landraces, taking into consideration their real and potential contribution to food security.	33 countries had projects on wild species and landraces conservation and sustainable use.

7. As part of the AMR 2007 process, the GEF Secretariat requested that GEF Agencies submit the completed tracking tools for all projects undergoing a mid-term or final evaluation in FY 2007 so that the GEF could begin to systematically report to Council on the portfolio level results of the GEF-3 cohort. A total of 15 projects (10 protected area projects, and 5 mainstreaming projects) submitted tracking tools.

8. Outcome results achieved by these projects for the GEF's primary strategic priorities in biodiversity are presented in Table 2.

**Table 2. FY 2007 Update on GEF-3 Project Cohort Contributions to the Biodiversity Outcomes included in the Business Plan for GEF-3<sup>13</sup>**

<b>Strategic Priority One For GEF-3</b>	<b>Expected Impact</b>	<b>Selected Performance Outcome Indicators</b>	<b>Tracking Tool Results from Projects Submitting Mid-Term Evaluations during FY 2007</b>
Catalyzing Sustainability of Protected Area Systems at National Levels.	Improved management effectiveness of national PA system, and individual PAs which receive direct support over the long-term.	The number or percentage of PAs supported show improved management effectiveness against baseline scenarios.	At the time of AMR 2007, 43 PAs (8% of the GEF-3 cohort), covering an area of 10.2 million hectares (7 % of the GEF-3 cohort total), were part of projects that underwent a mid-term evaluation as reported by the Agencies.  84% of these protected areas demonstrated improved management effectiveness as measured by Management Effectiveness Tracking Tool.

<sup>13</sup> No outcome targets were set for GEF-3.

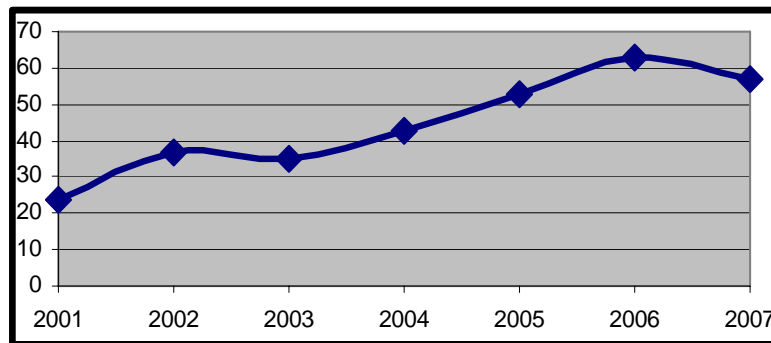
			The 37 sites that demonstrated improved management effectiveness covered an area of 9.5 million hectares or 93% of total coverage of the evaluated PAs.
Mainstreaming Biodiversity Conservation in Production Landscapes and Sectors	Biodiversity mainstreamed into sector programs of the IAs.	The number or percentage of projects supported in each sector incorporate biodiversity aspects into sector policies and plans at national and sub-national levels, adapt appropriate regulations and implement plans accordingly.	At the time of the AMR 2007, only five projects underwent a mid-term evaluation as reported by the Agencies.  Of these, four projects sought to influence policy, but only one project had integrated biodiversity considerations into forestry and agriculture policy and regulations by the mid-term evaluation.
	Biodiversity gains in production systems and buffer zones of PAs	Hectares of production systems that contribute to biodiversity conservation or the sustainable use of its components against the baseline scenarios.	All five projects sought to change production systems with the following results: 252,798 hectares were under more sustainable management. 22,000 of these hectares were FSC certified. 73,500 hectares were under sustainable forest management practices, not certified, in high biodiversity value forests.

## INTERNATIONAL WATERS

### Portfolio Summary

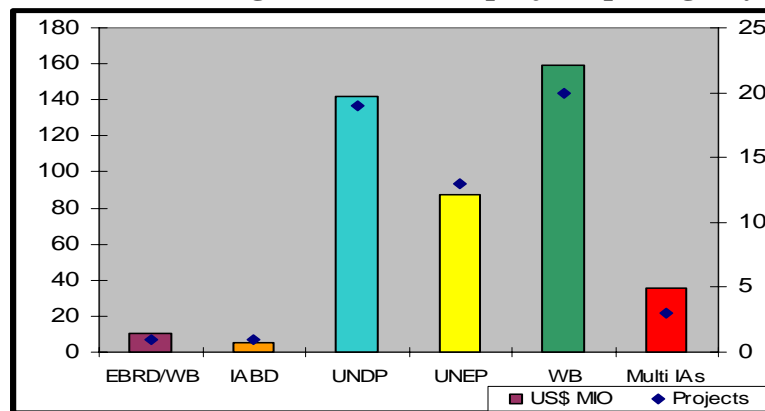
9. The portfolio of projects under implementation in the international waters (IW) focal area reached 57 in FY 2007. The number of IW projects under implementation rose from 24 in 2001 to 35 in 2003, 63 in 2006, and 57 in 2007. (See Figure1).

**Figure 1. International Waters Portfolio Development from 2001-2007 (# projects)**



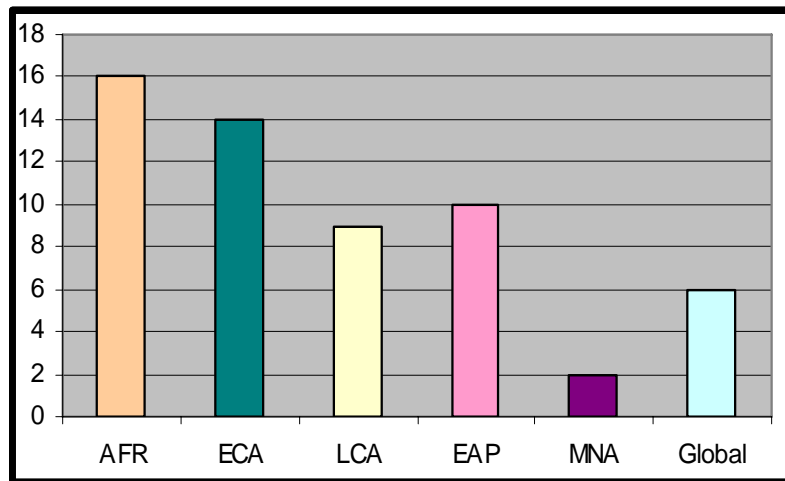
10. This reflects a steady increase over the years, as well as a leveling off towards the end of GEF-3 due to limited approvals as other focal areas received priority. The projects active in 2007 (displayed by Agency in Figure 2) amount to \$438 million in GEF allocations and \$1,358 million in co-financing (a 3:1 co-financing ratio).

**Figure 2: GEF funding and number of projects per Agency 2007**



11. Figure 3 gives an overview of the regional distribution of active projects. Most projects are located in the Africa and Europe and Central Asia regions with a smaller number in the Latin America and the Caribbean and the East Asia and the Pacific regions. Limited interest has been shown in the focal area from the Middle East and North Africa or the South Asia regions.

**Figure 3: Regional Distribution of the IW Portfolio in 2007**

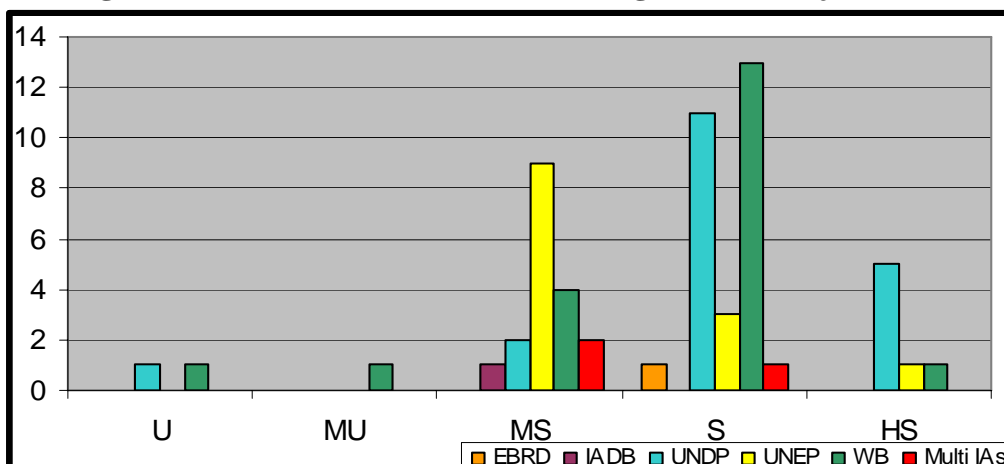


12. Portfolio wide, 95% of IW projects rated satisfactory (MS, S, HS) in implementation (IP) ratings, slightly exceeding the percentage for the GEF portfolio as a whole, reflecting an improvement over 2005 with 86% and 2006 with 93%.

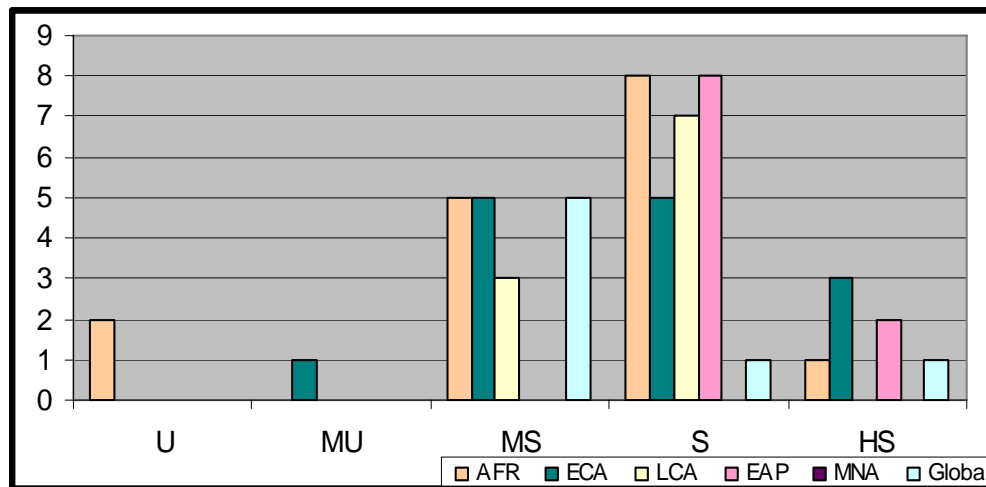
13. Figure 4 illustrates the distribution of IP ratings by Agency. The World Bank and UNDP have a greater proportion of projects with S and HS ratings, while UNEP has the greatest proportion of projects with MS ratings. On the other hand, the World Bank and UNDP reported projects with U and MU ratings, while UNEP had no such projects.

14. According to Agency Overview Reports, in the case of the World Bank, the 2007 performance for IP ratings was significantly better than 2006 and significantly better than World Bank environment projects and World Bank projects as a whole. UNDP project performance in 2007 was comparable to 2006, while no such comparison was made by UNEP.

**Figure 4: Distribution of overall IP Ratings for IW Projects 2007**



**Figure 5: Regional Distribution of IP Ratings for IW Projects 2007**



15. Figure 5 shows the distribution of IP ratings by region. The East Asia and the Pacific region is characterized by higher performance than average, while the Africa region shows a greater challenge. Ratings for the majority of IW projects center around the MS and S ratings, following a standard distribution curve, as expected.

## Challenges

16. According to AMR 2007 findings, the Africa and the Europe and Central Asia regions seem to be the most challenging regions, with a number of projects with ratings below MS. The Africa region persists in being the most challenging region in which to work, as illustrated by the project performance ratings from 2005 and 2006. While the performance of the IW portfolio (MS and above ratings) continues to be strong, there still are a number of projects with several years of performance at the MS or MU rating level. Table 1 at the end of the text illustrates this trend. IW projects in some regions may start out with slow progress but they do seem to recover at the end. This suggests either that (a) the Agency's response strategy to bring the projects back on track has worked, and/or (b) there is a natural tendency for complex IW projects with their issues of sovereignty and the political economy of transboundary water and fisheries to face initial challenges. Some projects, such as the *Lake Chad Basin Project*, have faced inherent problems due to regional instability. The GEF's role in this focal area is to encourage greater security and stability, so the focal area desires to work in these countries. Agencies are encouraged to provide greater supervision. In this year's portfolio, there were twice as many cases of HS performance than MU or U performance.

17. Six IW projects (two from each Agency) were identified in 2007 as being at high or substantial risk. Half of these projects were in the Africa region. In 2006, the IW Task Force examined projects at risk and the Agencies were asked to develop remedial plans for those with poor rating for two consecutive years. Only the *Okavango Basin Project*, implemented jointly by UNDP and FAO, continued with unsatisfactory ratings, which constitutes 3 years of poor performance. UNDP and FAO have been asked to continue to place special emphasis on this

project, and the World Bank has been asked to place special emphasis on its *Southern Africa Development Community Groundwater and Drought Management Project*, which also had two U ratings. For the year 2008, IW projects that had MS or MU ratings in 2007 will be placed on a special watch list for increased attention by the GEF IW Task Force.

## **Agency Highlights**

18. Highlights are included from the UNDP, UNEP, and World Bank IW portfolios.

### *UNDP*

19. Good progress was made by UNDP projects. Three Angolan ministers formally signed the Benguela Current Commission (BCC) Interim Agreement in January 2007, completing this process. The tri-national agreement now allows for the institutional development of the BCC in the follow-on Strategic Action Programme (SAP) Implementation project.

20. In the UNDP/World Bank *Lake Chad Basin Project*, performance improved during 2007, and a \$13m Trust Fund was established in the Komadougou Yobe (KY) pilot site by the six riparian state governments and the federal government of Nigeria. The purpose of this fund is to finance catchment management demonstration pilots to address competing water use. A catchment water charter has already been approved.

21. The *PEMSEA Project* in East Asia continued to make important progress towards permanent institutional and financial sustainability in the East Asian Seas (EAS) region. The Haikou Partnership Agreement was signed by ministers and senior officials from 11 countries on 15 December 2006, and the inaugural meeting of the EAS Partnership Council was held. Cost Sharing Arrangements (CSAs) were signed between UNDP and China, Japan and RO Korea to facilitate 100% country financing of Secretariat services.

22. Through UNDP assistance, the Caspian Sea riparian countries approved the financial rules, the rules of procedures and the work-plan for the Tehran Convention, including approval of four associated protocols and a fisheries scoping paper for COP II, and formally established the Tehran Convention Secretariat. The *Pacific Oceanic Fisheries Management Project* reported that the Western/Central Pacific Fisheries Convention (WCPFC) and its subsidiary bodies were fully operational, with a complete set of rules and regulations, and a Secretariat, operating under sustainable financial arrangements. WCPFC Convention has now been ratified by 33 of 34 States & Territories participating in the WCPFC process.

### *UNEP*

23. The knowledge documents produced in the UNEP project, *Reversing Environmental Degradation Trends in the South China Sea and Gulf of Thailand*, highlight the procedures developed for both determining regionally applicable total economic values for coastal habitats, and the definition and application of the "fisheries refugia" concept. The former have been used in determining the costs and benefits of actions in the SAP, whilst guidelines for the



development of fisheries refugia have been adopted by the regional governments as part of the ASEAN-SEAFDEC regional guidelines for the implementation of the FAO Code of Conduct on responsible fisheries. The UNEP/UNDP project, *Integrating Watershed and Coastal Area Management in the Caribbean SIDS (IWCAM)*, launched most of its demonstration projects and worked on the formulation of Integrated Water Resources Management Plans in Grenada and Union Island. At the regional level, the project embarked on a review of IWCAM-related legislation and policies with a view to proposing a tool kit for harmonization. The project also started an assessment of information sharing capacities in support of IWCAM.

24. As the results of the implementation of the UNEP/FAO project, *Reduction of Environmental Impact from Tropical Shrimp Trawling through the Introduction of By-catch Reduction Technologies and Change of Management*, the Ministry of Marine Affairs and Fisheries of Indonesia worked towards re-drafting its law on trawl fisheries. In Iran, a 20 minute awareness film on production and use of By-catch Reduction Devices (BRDs) was produced, and a total of ten different types of BRDs were tested in the industrial shrimp trawling fleet. As a result, since March 2006, it has been mandatory for all vessels of the industrial fleet to use BRDs in Iran. Overall, the project achieved over 20% reduction in by-catch in participating countries.

#### *World Bank*

25. The World Bank's portfolio of Investment Fund projects, most notably the Danube-Black Sea cohort, continued to mature, with most of these performing satisfactorily. Of this cohort of projects, the *Romania Agricultural Pollution Control Project (Romania APCP)* has performed exceptionally well. At project closure, Romania APCP had HS sub-ratings for all categories, due to the project closing on time, without any extensions, 100% disbursed, with very high quality procurement sub-ratings, an increased scope and extent of the public awareness component, as well as a successful replication program for scale-up to the national level. The *Georgia ARET and Turkey Anatolia Watershed Projects* are two other Danube-Black Sea projects that are contributing significantly to agricultural nutrient management with strong possibility for national scale-up.

26. A second cohort of World Bank projects that are also maturing involve ecosystem-based (river/lake/aquifer/large marine ecosystems) approaches for transboundary capacity building--often in partnership with UNDP. Lake Chad now has a ministerially-endorsed transboundary diagnostic analysis (TDA). Senegal River Basin's regional TDA, validated with a Regional SAP is underway. Niger River Basin's Regional TDA is well underway. All of the above have Inter-ministerial Committees effectively established and functioning. A TDA and SAP was endorsed by the East African Community (EAC) Council of Ministers for Lake Victoria. The Mekong River Commission has a coherent data modeling package and rules for maintenance of minimum flows and water utilization. Moreover, approval of water quality guidelines have been finalized and accepted by all commission member countries. Lastly, with regards to this cohort, the *Baltic Sea Project* closed with a legacy of a large marine ecosystems network functioning through five coordinating centers and ten lead laboratories. With regards to undertaking innovative demonstrations, the Hai Basin has successfully demonstrated feasibility of innovative measures

through integration of water and ecological uses and planning, and high-efficiency water utilization.

### **Portfolio Level Issues Needing Attention**

27. Three issues have been identified by the IW Focal Area.

28. The first is the completion of the Results-based Management Framework for GEF-4 and the GEF-4 Tracking Tool for program-level and replenishment-related indicators. A strategy has been shared with the GEF CEO to accomplish this, including a proposal to hold a workshop during the April GEF Council meeting to allow all GEF Agencies to participate in discussions on the framework and development of the tracking tool.

29. The second issue is the possibility of increased GEF Secretariat participation in the work of Agencies to address and remedy the shortcomings of projects with MS, MU, and U performance. Consistent with the GEF Secretariat's RBM Framework, dialogue would be conducted with Agencies to identify a sample of the less-than-average performing projects for Secretariat inputs and portfolio monitoring reviews, and possibly for Secretariat participation in monitoring/supervision related missions to these projects.

30. The third issue involves knowledge management and identification of good practices in the IW focal area. The foundational tools included in many first GEF IW projects are: (i) development of a TDA, (ii) facilitation of the functioning of national inter-ministry committees, and (iii) adoption by Ministers of a SAP to address necessary reforms and investments. These tools help build trust and confidence among countries working together to share benefits from their transboundary freshwater and marine systems and will also help them set priorities and commitments for action. The GEF Secretariat would accompany Agencies in visiting a subset of these foundational projects as part of portfolio monitoring consistent with the GEF RBM Framework. This would also contribute to knowledge management and good practice development in conjunction with the GEF IW:LEARN program.

**Table 1: Overview of Projects with Ratings (PS/MS, MU, U, HU) in One or More Years (2001 – 2007)**

Project name (Agency)	Region		01	02	03	04	05	06	07
Environmental Protection of the Rio de La Plata and its Maritime Front (UNDP)	LCA	DO	S	PS	S	S	S	S	
		IP	PS	PS	S	S	S	S	
Implementation of Integrated Watershed Management Practices for the Pantanal and Upper Paraguay River Basin (UNEP)	LCA	DO	S	S	S	S	S	S	
		IP	PS	S	S	S	S	S	
Integrated Management of Land Based Activities in the Sao Francisco Basin (UNEP)	LCA	DO	S	S	S	S	HS	HS	
		IP	PS	S	S	S	HS	S	
Red Sea and Gulf of Aden (UNDP, UNEP, WB)	regional	DO	PS	S	S	S	S		
		IP	S	S	S	S	S		
GIWA (UNEP)	Global	DO	PS	S	S	S	N/R	S	
		IP	PS	S	S	S	N/R	S	
Kenya, KE-Lake Victoria Env Prj (WB)	AFR	DO	S	U	U	S	MU	MS	
		IP	U	U	U	S	U	MS	
Uganda, Lake Victoria Env Prj (WB)	AFR	DO	S	S	S	S	U	MS	
		IP	S	S	S	S	U	S	
Tanzania, Lake Victoria Env Prj (WB)	AFR	DO	HS	HS	HS	S	MS	MS	
		IP	HS	HS	HS	S	MS	S	
Coastal Contamination Prevention & Marine Management - Argentina (WB)	LCA	DO				S	MU	S	MS
		IP				U	MU	S	S
Environmental Protection and Sustainable Management of the Okavango River Basin (UNDP)	AFR	DO					MS	U	U
		IP					MS	U	U
3A-GEF Lake Chad Basin (UNDP/WB)	AFR	DO				MS	MU	MS	MS
		IP				MS	MU	MS	MS
WETLAND Restoration – Bulgaria (WB)	ECA	DO				S	MU	MU	S
		IP				S	MU	MU	S
Managing Hydrogeological Risk in the Iullemeden Aquifer System (UNEP)	AFR	DO					MS	MS	MS
		IP					MS	MS	MS
Protection of the NW Sahara Aquifer System and related humid zones and ecosystems (UNEP)	AFR	DO				MS	MS	S	
		IP				MS	MS	MS	
Addressing land-based activities in the Western Indian Ocean (UNEP)	AFR	DO					S	S	MS
		IP					MS	S	MS
Promoting Ecosystem-based Approaches to Fisheries Conservation and LMEs (UNEP)	Global	DO					N/R	S	S
		IP					U	MS	MS
Persistent Toxic Substances (PTS), Food Security and Indigenous Peoples of the Russian North (UNEP)	ECA	DO		S	S	S	S	HS	
		IP		S	S	S	MS	HS	
Support to the National Plan of Action for the Protection of the Arctic Marine Environment from Anthropogenic Pollution in the Russian Federation (UNEP)	ECA	DO						N/A	MS
		IP						N/A	MS
IW:LEARN (UNDP)	Global	DO						MS	S
		IP						MS	MS
IWLEARN (UNEP) (PIR was not submitted in 2006)	Global	DO						MU	MS
		IP						MU	MS
Environmental Protection and Maritime Transport Pollution Control in the Gulf of Honduras (IADB)	LCA	DO						S	S
		IP						MS	MS
Demonstration of Innovative Approaches to the Rehabilitation of Heavily Contaminated Bays in the Wider Caribbean (UNDP)	LCA	DO						S	MS
		IP						MS	MS
Reduction of Environmental Impact from Tropical Shrimp Trawling through the Introduction of By-catch Reduction Tech. and Change of Mngt (UNEP)	Regional	DO					S	S	S
		IP					S	MS	MS
Implementation of the Strategic Action Program for the Bermejo River Binational Basin (UNEP)	Argentina Bolivia	DO					S	MS	MS
		IP					S	MS	MS
Lake Victoria TDA/SAP MSP (WB)	AFR	DO						MS	S
		IP						MS	S
Nile Transboundary Environmental Action Project (WB/UNDP)	AFR	DO					S	S	S
		IP					S	MS	MS
Albania Integrated water and ecosystems management project (WB)	ECA	DO						MS	MS
		IP						MU	MS
Baltic Sea regional project, Phase 1 (WB)	ECA	DO					S	S	S
		IP					S	MS	MS
Georgia – Agricultural Research Extension and Training (WB)	ECA	DO					S	MS	S
		IP					S	MS	MS
Determination of Priority Actions for the implementation of the Strategic Action Programme for the Mediterranean Region (UNEP)	ECA	DO		HS	HS	HS	HS	S	
		IP		HS	HS	HS	HS	MS	
Reversing land and water degradation trends in the Niger River Basin (UNDP)	AFR	DO						S	S
		IP						MS	S
Romania hazards Risk Mitigation and Emergency Preparedness Project (WB)	ECA	DO					S	S	S
		IP					S	MS	MU
Groundwater and drought Management (WB)	AFR	DO						U	
		IP						U	
Reduction of Enterprise Nutrient Discharges Project -under WB-GEF Strategic Partnership for Nutrient Reduction in the Danube River and Black Sea (WB)	ECA	DO							MS
		IP							MS
Anatolia Watershed Rehabilitation	ECA	DO						S	S
		IP						S	MS
Combating living resource depletion and coastal area degradation in the Guinea Current LME through Ecosystem-based Regional Actions (UNEP)	LCA	DO							MS
		IP							MS
Fostering A Global Dialogue on Oceans, Coasts and SIDS and on Fresh Water-Coastal-Marine Interlinkages (UNEP)		DO							MS
		IP							MS