

GEF Council Meeting
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Washington, D.C.

Agenda Item 12

Annual Monitoring Report 2011: Part II

Recommended Council Decision

The Council, having considered document GEF/C.42/05/Rev.01, *Annual Monitoring Report (AMR) 2011: Part II*, welcomes the report and appreciates the reformed AMR process. The Council requests the GEF to continue providing two AMR reports. The first, presented in the fall, containing a quantitative overview of information on the portfolio under implementation; and the second, presented in the spring, containing more in-depth analysis of outcomes, experiences, and lessons learned.

The Council also supports the Secretariat's recommendation to include the following information in Part I of the AMR, beginning with the next AMR:

- a) An annual status update on Enabling Activities, Programmatic Approaches and the Small Grants Programme
- b) Information on the influence of the National Portfolio Formulation Exercise (NPFE) process and products on GEF-5 programming

Executive Summary

At its meeting in May 2011, the Council agreed to a two-step approach to the Annual Monitoring Report (AMR): Part one contains a macroview of the portfolio under implementation presented to the Council at its fall meeting soon after the conclusion of the fiscal year. Part two, presented in the spring, contains more in-depth analyses of outcomes, experiences, and lessons learned.

For Part II of the AMR 2011, the Secretariat has undertaken an analysis of projects which have undergone a mid-term review or were in their last year of implementation in FY2011. The current report focuses on focal area results and lessons learned through an analysis of documentation sent to the Secretariat by the Agencies including tracking tool data, project implementation reports (PIRs), mid-term reviews (MTRs), and project completion reports or terminal evaluations (TEs).

The reporting for FY2011 represents a period of transition for the revised AMR process. It was the first time the Secretariat focused its review of the GEF's active portfolio on projects at mid-term and completion. The year was also marked by a consolidation, standardization, and generation of tracking tools for focal areas that had not been previously used. Given the difficulties associated when introducing any given new processes, the overall reform was successful. The portfolio level lessons learned are more targeted and substantive than years past, and the ability of the GEF to report on progress toward portfolio outcomes has improved.

The GEF Secretariat will continue to strengthen its Results Based Management (RBM) system and engage with GEF Agencies to improve the AMR process. As part of strengthening the efforts, the Secretariat will work with Agencies to provide Council with an annual status update on Enabling Activities, Programmatic Approaches, and the Small Grants Programme. In addition, the Secretariat will track information on the influence of the National Portfolio Formulation Exercise (NPFE) process on GEF-5 programming.

The two-step approach to the AMR, along with a more standardized process for reporting on results, was an important reform of the entire RBM system. Over the coming years, as the new process is better established, we expect the reporting and the Secretariat's ability to track progress toward portfolio outcomes to improve considerably.

Table of Contents

I. Introduction	1
II. Focal area results	2
Biodiversity	2
Climate Change Mitigation	6
Climate Change Adaptation	7
Land Degradation	8
International Waters	10
Persistent Organic Pollutants	12
III. Special Cross-cutting Focus: Gender and Indigenous Peoples	13
Gender in GEF Projects	13
Indigenous Peoples Involvement	15
IV. Lessons Learned: FY2011	17
Biodiversity	17
Sustainable Financing of Protected Area Systems: "ENDOWMENT+"	18
Biodiversity Mainstreaming: The Role of Banks and Behavioral Bonuses	19
Sustaining biodiversity requires a long-term vision	21
Climate Change Mitigation	22
Climate Change Adaptation	26
Land Degradation	27
Measurement of agreed GEBs of SLM at different scales (site / farm-scale, landscape / watershed, national, regional)	27
Tools for monitoring and measurement of agreed GEBs	28
Linking the agreed GEBs to project level impacts at the different scales	28
Major tradeoffs associated with generating ecosystem services from SLM projects in different production systems	29
Achievement of synergy in generating agreed GEBs from implementation of SLM projects at multiple scales	30
International Waters	31
Persistent Organic Pollutants	32

V. Small Grants Program: Progress from GEF-4	34
VI. Progress on RBM GEF-5 Work Plan	35
Annex I: Projects Reviewed for FY2011 AMR Part II.....	37
Projects reviewed at Midterm	37
Projects reviewed at completion	39
Annex II: Focal Area Learning Objectives and Learning Questions	44
Biodiversity targeted learning.....	44
Climate Change Mitigation Targeted Learning	44
International Waters Targeted Learning	45
Land Degradation Focal Area Targeted Learning	46
Chemicals Cluster Focal Area Targeted Learning	46
Annex III: Summary of Capacity Development Projects and Achievements on Biosafety Second National Reports	48
Cross-Cutting Capacity Development	48
Summary of Achievements on Biosafety Second National Reports.....	49

I. Introduction

1. At its meeting in May 2011, the Council agreed to a two-step approach to the *Annual Monitoring Report* (AMR): (i) Part one contains a macroview of the portfolio under implementation presented to the Council at its fall meeting soon after the conclusion of the fiscal year; and (ii) Part two, presented in the spring, contains more in-depth analysis of outcomes, experiences, and lessons learned.

2. The *AMR 2011: Part I* report presented at the November 2011 Council included: (i) an overview of cumulative project approvals since GEF inception; (ii) performance ratings of GEF's active portfolio; and (iii) information on management effectiveness and efficiency indicators.¹ The report covered 619 projects and programs in 149 countries that began implementation on or before June 30, 2010. Specifically, the 2011 report included all projects under implementation for at least part of the period July 1, 2010-June 30, 2011, as part of the GEF's active portfolio. Over 90% of these projects were approved in GEF-3 and GEF-4, and 89% of projects under implementation received a moderately satisfactory or better development objective/global environment rating for FY2011. Table 1 below provides the funding distribution of the 619 projects across the focal areas.

Table 1: Projects Under Implementation by Focal Area in FY2011²

Focal Area	No. of Projects		Total Grant (million \$)	Share of Grant (%)
	FSP	MSP		
Climate Change	124	38	1,085	33.5
Biodiversity	167	64	1,009	31.1
International Waters	54	12	422	13.0
Land Degradation	50	13	278	8.6
Persistent Organic Pollutants	30	19	230	7.1
Multifocal Area	24	23	216	6.7
Ozone	0	1	1	0.0
TOTAL	449	170	3,241	100%

3. For the *AMR 2011: Part II* report, the Secretariat has undertaken an analysis of projects that have gone through a mid-term review or were in their last year of implementation in FY2011. The current report focuses on focal area results through an analysis of documentation sent to the Secretariat by the Agencies including: tracking tool data, project implementation reports (PIRs), mid-term reviews (MTRs), and project completion reports or terminal evaluations (TEs).

4. In addition to the focal area analysis, the Secretariat carried out for the first time a cross-cutting review of whether and how gender and indigenous peoples' aspects have been taken into account for the FY2011 cohort of projects under implementation. The report also contains a

¹ <https://www.thegef.org/council-meeting-documents/annual-monitoring-review-fy-2011-part-i>

² Reproduced from *AMR 2011: Part I*, p. 16

summary of the Small Grants Programme (SGP) based on UNDP's more extensive *Fourth Operational Phase Final Report* (2007-2011). For future updates on SGP progress, the Secretariat will work with UNDP to provide yearly status information via Part I of the AMR and more in-depth analysis of progress towards objectives through Part II of the AMR report.

II. Focal area results

5. The following section presents progress toward results of GEF projects that reached mid-term or completion in FY2011. A total of 151 GEF projects were at mid-term or completion in FY2011. A list of all projects reviewed is in Annex I.

6. In GEF-5, all full-sized projects are required to submit a tracking tool three times during the life of the project: At CEO endorsement, mid-term, and project completion. Prior to GEF-5, the Secretariat's tracking tool rules differed from focal area to focal area. In land degradation, the tracking tools were first introduced in GEF-5 and for the remaining focal areas, except for biodiversity, tracking tools were not introduced until GEF-4.

7. Since the vast majority of projects at mid-term and completion are from GEF-3 and GEF-4, many were not required to submit tracking tools in FY2011. For focal areas without tracking tools, preparing a consistent assessment of progress towards outcomes at the portfolio-level proved challenging. For tracking tools that were submitted, the quality varied considerably. This was due in part to the fact that new tools and different formats were introduced for the first time this reporting period and in part to less rigorous quality control. A systematic review of the tools before submission by the Agencies would help ensure accurate completion of the tools and to check consistency with the submission of the tracking tools at CEO approval or endorsement.

8. The Secretariat held discussions with Agencies during the annual AMR inter-agency meeting (April 5, 2012) on how to improve the AMR process. Agencies recommended that the Secretariat provide training specifically on tracking tool submissions. The Secretariat agreed to work with Agencies to develop appropriate virtual training on tracking tools targeted at Agency staff in the field. The Secretariat will also issue an RBM guidance document in June 2012, which will outline and detail all reporting requirements.

9. A more standardized approach to reporting on results, while challenging given the diversity of GEF projects, was a necessary step and an important reform of the entire RBM system. Over the coming years, as the new process is better established, we expect the reporting and the Secretariat's ability to track progress toward portfolio outcomes to improve considerably.

Biodiversity

10. GEF Agencies were required to submit completed biodiversity tracking tools from GEF-3 and GEF-4 for projects that underwent a mid-term review or final evaluation in FY2011.

11. A total of 23 projects that underwent a mid-term review were required to submit a tracking tool for FY2011, out of these, 22 tracking tools were received (96%). A total of 20 projects that underwent a final review/evaluation were required to submit a tracking tool for FY2011, and 16 tracking tools were received (80%).

12. Portfolio level results for 26 GEF-3 tracking tools for the FY2011 cohort are provided in Table 1 below. Portfolio level results from the 12 GEF-4 projects that submitted tracking tools for the FY2011 cohort are provided in Table 2 below.

Table 2: FY2011 Update on GEF-3 Portfolio Results

Strategic Priority One For GEF-3: Catalyzing Sustainability of Protected Area Systems at National Levels	
Expected Impact: Improved management effectiveness of national PA system, and individual PAs which receive direct support over the long-term.	
Outcomes and indicators to be assessed at mid-term and final evaluation: X (Y %) ³ of the PAs supported show improved management effectiveness against baseline scenarios	
Tracking Tool Results (extracted from tracking tools submitted as part of the FY2011 PIR)	
<p>A total of seven protected area projects underwent a <u>mid-term review</u> in FY2011 and covered:</p> <ul style="list-style-type: none"> • 23 protected areas • 4,385,076 million hectares (3 % of total hectares covered in the GEF-3 protected area project cohort) • 13 of the 23 protected areas demonstrated improved management effectiveness covering an area of 3.9 million hectares or 89% of the protected area surface covered in this project cohort.⁴ 	<p>A total of ten protected area projects underwent a <u>final evaluation</u> in FY2011 and covered:</p> <ul style="list-style-type: none"> • 34 protected areas • 4,944,583 million hectares (about 4 % of total hectares covered in the GEF-3 protected area project cohort) • 31 of the 34 protected areas demonstrated improved management effectiveness against the baseline covering an area of 4,912,574 hectares or about 99% of the protected area surface covered in this project cohort.⁵
Strategic Priority Two For GEF-3: Mainstreaming Biodiversity Conservation in Production Landscapes/Seascapes and Sectors	
Expected Impact: (i) Produce biodiversity gains in production systems and buffer zones of protected areas and (ii) Biodiversity mainstreamed into sector programs of the IAs.	
Outcomes and indicators to be assessed at mid-term and final evaluation: (i) X (Y %) projects supported in each sector have included incorporated biodiversity aspects into sector policies and plans at national and sub-national levels, adapted appropriate regulations and implement plans accordingly. (ii) X ha of production systems that contribute to biodiversity conservation or the sustainable use of its components against the baseline scenarios.	
Tracking Tool Results (extracted from tracking tools submitted as part of the FY2011 PIR)	
<p>Six mainstreaming projects underwent a <u>mid-term review</u> in FY2011. All six projects focused on changing land management practices towards more biodiversity friendly practices within agricultural and forestry production systems covering 3,202,692 hectares (3 % of the total hectares covered in the GEF-3 biodiversity mainstreaming project cohort). The following results have been recorded:</p> <ul style="list-style-type: none"> • 1,483,175 hectares are currently under biodiversity friendly “sustainable natural resource management” (not certified). • The remaining 1,719,517 hectares under this project cohort have undergone certification through Rainforest Alliance for coffee or FSC for forest management. 	<p>Four mainstreaming projects underwent a <u>final evaluation</u> in FY2011. All four projects focused on changing land management practices towards more biodiversity friendly practices in natural resources management, and in water management through PES covering an area of 2,351,099 hectares (2% of the total hectares covered in the GEF-3 biodiversity mainstreaming project cohort.)</p> <p>Unlike the mid-term cohort, none of the hectares covered by these projects underwent any third-party international certification and the final reports and tracking tool only reported on improved practices in water and land-use planning, tourism operations and management, and natural resources management. However, 1.5 million</p>

³ During the GEF-3 replenishment no targets were set for any focal area outcomes.

⁴ As measured by Management Effectiveness Tracking Tool.

⁵ Ibid.

	<p>hectares were certified under a national eco-certification scheme for tourism operations.</p> <p>Two of the projects also included components that focused on incorporating biodiversity conservation into sector policy. The projects' progress on policy mainstreaming was assessed with the GEF tracking tool.⁶ Results at project final evaluation indicate that:</p> <ul style="list-style-type: none"> • One agricultural policy moved from 1 to 2; • One fisheries policy moved from 0 to 6; • One fisheries policy moved from 1 to 6; • One tourism policy moved from 0 to 6; • One tourism policy moved from 1 to 2; and • One water policy moved from 5 to 6. <p>Thus 66% of the policy investments were successful in achieving the highest level in policy development and implementation as measured by the tracking tool.</p>
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Table 3: FY2011 Update on GEF-4 Portfolio Results

Strategic Objective One for GEF-4: Catalyzing Sustainability of Protected Area Systems at National Levels	
Expected Impact: Biodiversity conserved and sustainably-used in protected area systems	
Outcomes and indicators to be assessed at mid-term and final evaluation: i) PA management effectiveness as measured by individual PA METT scorecards, ii) PA systems secure increased revenue and reduce financing gap to meet PA management objectives, iii) improved coverage of marine and under-represented terrestrial ecosystems.	
Tracking Tool Results (extracted from tracking tools submitted as part of the FY2011 PIR)	
<p>A total of four protected area projects underwent a <u>mid-term review</u> in FY2011. Two focused on improving management effectiveness, one focused on improving the financial sustainability of a PA system, and one focuses on both aspects of the GEF PA strategy.</p> <p>The projects covered through direct management interventions are:</p> <ul style="list-style-type: none"> • 13 protected areas • 268,610 hectares (less than 1% of the total hectares covered in the GEF-4 protected area project cohort) • 11 of the 13 protected areas demonstrated improved management effectiveness⁷, one stayed the same, and one regressed. Total area of improved management effectiveness reached 	<p>A total of two protected area projects underwent a <u>final evaluation</u> in FY2011, one focused on improving management effectiveness, and the other focused on improving financial sustainability of a PA system.</p> <p>The projects covered through direct management interventions are:</p> <ul style="list-style-type: none"> • Three protected areas • 18,993 hectares (less than 1 % of the total hectares covered in the GEF-4 protected area project cohort) • Two protected areas totaling 16,093 hectares demonstrated improved management effectiveness, or 85% of the protected area surface area covered by the project.⁸ • For the one project which focused primarily on improving financing sustainability, available finance for a protected area system covering 226,807 hectares increased by a factor of 1000 times.

⁶ The GEF tracking tool assesses progress on a scale from one to six: (1) biodiversity (BD) mentioned in sector policy; (2) BD mentioned in sector policy through specific legislation; (3) Regulations in place to implement the legislation; (4) Regulations under implementation; (5) Implementation of regulations enforced; (6) Enforcement of regulations is monitored independently

⁷ As measured by Management Effectiveness Tracking Tool.

⁸ Ibid.

<p>169,890; or 63% of the protected area surface area covered by this protected area cohort.</p> <ul style="list-style-type: none"> For the two projects that focused primarily on improving financing sustainability, available finance for the protected area systems increased by a factor of four times in one project (from \$277,517 to \$1.2 million) and by about 10% in the other project (from \$2.9 million to \$3.2 million.) These two projects over time will benefit two protected area systems covering 780,672 hectares. 	
Strategic Priority Two For GEF-4: Mainstreaming Biodiversity Conservation in Production Landscapes/Seascapes and Sectors	
Expected Impact: Conservation and sustainable use of biodiversity incorporated in the productive landscape and seascape	
Outcomes and indicators to be assessed at mid-term and final evaluation: (i) the degree to which policies and regulations governing sectoral activities include measures to conserve and sustainably use biodiversity as measured through the GEF tracking tool, (ii) number and extent of new PES schemes created, (iii) hectares of production systems under certified biodiversity-friendly standards, (iv) hectares of production systems under sustainable management but not yet certified	
Tracking Tool Results (extracted from tracking tools submitted as part of the FY2011PIR)	
<p>Five mainstreaming projects underwent a <u>mid-term review</u> in FY2011. All five projects focused on changing land management practices towards more biodiversity-friendly practices within agricultural, forestry and fisheries production systems covering 8,844,70 hectares (15 % of the total hectares coverage reported in the GEF-4 biodiversity mainstreaming project cohort at CEO endorsement. From this data point, it is clear that at CEO endorsement in GEF-4, coverage data was under-reported or reporting on coverage is too generous in the tracking tools.) These management practices are impacting 217 protected areas totaling 9.9 million hectares. Of the reported hectare coverage, 1.5 million hectares are under FSC certification (or in the process of being certified), the remaining hectares have been deemed under-improved sustainable and biodiversity-friendly resource management without 3rd party certification.</p> <p>Four of the five projects are also targeting 11 total policy changes as part of the project intervention strategy. The projects' progress on policy mainstreaming for the 11 policies was assessed with the GEF tracking tool.⁹ Results at the project mid-term evaluation indicate that:</p>	<p>No GEF-4 mainstreaming projects submitted a tracking tool based on the final review of the project.</p>

⁹ The GEF tracking tool assesses progress on a scale from one to six: (1) biodiversity (BD) mentioned in sector policy; (2) BD mentioned in sector policy through specific legislation; (3) Regulations in place to implement the legislation; (4) Regulations under implementation; (5) Implementation of regulations enforced; (6) Enforcement of regulations is monitored independently

<ul style="list-style-type: none"> • Two agricultural policies remained at 0; • One agricultural policy moved from 0 to 2; • One forestry policy remained at 1; • One forestry policy moved from 4 to 6; • One tourism policy remained at 1; • One fisheries policy remained at 1; • One fisheries policy moved from 2 to 6; • Two mining policies stayed at 0; and • One water policy moved from 0 to 2. <p>Thus, 82 % of the policy investments have made very little progress by project mid-term in policy development and implementation that integrates biodiversity considerations.</p>	
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Climate Change Mitigation

13. In FY2011 for climate change mitigation, a total of 19 projects reached completion and 15 reached mid-term. Out of the 19 completed projects, approximately 62 million tons of lifetime direct GHG emission reductions were achieved (66% of summed targets as compared to the targets set at the endorsement stage), and are expected to achieve an indirect impact of at least 99.4 million tons of emission reductions.¹⁰ It is evident in the terminal evaluations that there is significant improvement in reporting lifetime direct GHG emission reductions while the portfolio advanced into GEF-3 and GEF-4. Four out of six GEF-2 projects did not report on direct GHG emission reductions, while all GEF-3 and GEF-4 projects reported on direct GHG emission reductions.

**Table 4: 2011 Cohort's Progress¹¹ towards Targets for climate change mitigation
(Lifetime direct emission reductions, in million tons)**

GEF Phase	Number of Projects	Targets as in Project Identification Form (PIF)	Targets as in Project Document at Endorsement Stage	Actual Results	Actual Results vs. Targets in Project Document at Endorsement Stage (%)
GEF - 2	6	32.99	32.87	10.66	32%
GEF - 3	12	62.73	61.34	51.20	83%
GEF - 4	1	0.02	0.02	0.04	276% ¹²

¹⁰ The indirect emission reductions could potentially be much larger. Many of these 19 projects were proposed before the tracking tools were developed. Therefore the indirect benefits were not tracked or reported.

¹¹ The progress is based only on Terminal Evaluations received this year. As in the mid-term reviews, GHG emission reduction is often not achieved or not reported. That is due to the nature of climate change mitigation projects as outlined in the AMR 2010.

¹² For GEF-4, only one medium sized project was completed. This was the "Low Carbon Campaign for Commonwealth Games 2010 Delhi".

Total	19	95.77	94.22	61.91	66%
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14. It is noteworthy that many Agencies tested the new tracking tools in 2011, with 22 out of 34 projects reviewed submitted tracking tools in 2011 (64%). This is significant given that the climate change mitigation tracking tool was not developed until 2008 during GEF-4.

Climate Change Adaptation

15. In 2011, the GEF Agencies submitted six PIRs, two MTRs, and one TE for nine active projects under the Strategic Priority on Adaptation (SPA). The SPA is a \$50 million adaptation pilot financed by the GEF climate change focal area.¹³

16. Since only two projects underwent a mid-term and one has been completed, reporting progress towards outcomes for FY2011 cannot be aggregated. Instead, a description of the outcomes to date is provided.

17. For the two projects at mid-term, both projects experience partial progress towards outcomes, and are rated “satisfactory” in this regard. On policy measures that enhance adaptive capacity, the project in Armenia (UNDP, 3417) has progressed on “enabling the environment for integrating climate change into forest management sector”. The amendment process is being explored in partnership with the World Wildlife Fund (WWF) and stakeholder consultations are planned for the near future. Development of recommendations for climate change adaptation management is crucial to ensure that the recommendations are formally incorporated in the forest enterprise management plans at the end of the project. The project is on-track to complete technical reports that will provide the basis for adaptation considerations into forest management of Armenia.

18. The regional West Africa project (UNDP, 2614), (ACCC project), has been slowly progressing towards its outcomes; however, most activities are either fully or partly implemented in the five targeted project sites. In terms of policy, preparatory and draft work has started on the integration of coastal zone management and climate change impacts into national development plans. Several key policy measures and activities that will enhance adaptive capacity in the longer term include: The development and implementation of integrated coastal and watershed management plans/programs; formulation and implementation of zoning regulations for sea-level rise sensitive coastal settlements; and reviewing existing national plans and policies to integrate adaptation to climate change concerns.

19. Only one project was completed in FY2011 for the Adaptation Learning Mechanism (ALM) Project (UNDP, 2557). This project is unique in terms of its scope, as it is a knowledge-exchange and learning platform. The objective of the Adaptation Learning Mechanism (ALM) Project was to contribute to the mainstreaming of adaptation within the development planning of non-Annex I countries. The project satisfactorily met this goal and appears likely to be sustainable.

¹³ The GEF also manages two Trust Funds specifically dedicated to adaptation financing: the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF). Please refer to the Annual Monitoring Report FY11 for LDCF/SCCF, for more details on the performance and historical data of these Funds.

Land Degradation

20. The land degradation focal area portfolio synthesis for FY2011 AMR included 11 projects with mid-term reports and 12 with terminal evaluation reports. The majority of projects were from sub-Saharan Africa, including seven with MTRs and six with TEs, which is consistent with the early programming of GEF resources to combat land degradation in this region. There were only two projects each from East Asia Pacific, Europe and Central Asia, Latin America and Caribbean regions. Three

Region	MTR	TE
AFR	7	6
ECA	2	1
EAP	1	1
LAC	1	1
Global	0	3
Total	11	12

of the completed projects were global projects designed to generate knowledge resources and tools for enhanced implementation of the LDFA agenda by affected countries. In addition to the 23 projects, terminal evaluation reports were submitted for one capacity building project in Latvia (*Building sustainable capacity and ownership to implement UNCCD objectives in Latvia; UNDP, 2739*), and three sub-projects implemented under the UNDP/GEF LDC-SIDS Program on Capacity Building for SLM (*Bhutan, UNDP, 3262; Cambodia, UNDP, 3427; Timor Leste, UNDP, 3176*).

21. As this represents the first time portfolio level synthesis is accomplished based on projects that reached mid-term or completion during the FY, the lack of consistency and varied presentation in the reports may not adequately reflect overall portfolio achievements with respect to focal area outcomes. This is especially the case for outcome indicators related to spatial coverage, global environment benefits (GEBs) and target beneficiaries of sustainable land management (SLM). For some projects at mid-term and completion, PIR submissions were also taken into consideration as part of the overall assessment.

22. Based on data reported in MTRs and TEs, a total of 565,828 hectares of land is under some form of sustainable management as a result of GEF project interventions. This spatial coverage includes land under crop and livestock production (99,869 ha), forest restoration/rehabilitation (16,670 ha), and production landscapes under integrated ecosystem management (106,600 ha). The additional 342,689 ha includes land area benefiting from improved management practices through implementation of the Integrated Ecosystem management (IEM) approach. As a result, IEM still represents the most important approach for achieving SLM outcomes in the LDFA portfolio (Figure 1).

23. At least eight of the projects in the FY2011 cohort were designed to implement SLM through IEM, which fosters the application of a wide range of practices based on livelihood needs and priorities of local land users. The IEM approach enhances management of production landscapes (farms, pastures, and agro forests) alongside community forests, natural habitats, riparian zones, wetlands, and freshwater systems in a spatially-integrated manner. The typology of SLM interventions in the production systems includes zero till agriculture, crop rotation, erosion control, integrated pest-management, green fertilizer, gully stabilization and restoration, and pasture rotation. The IEM approach also considers spatial integration of production systems and protected areas to improve ecosystem services at scale.

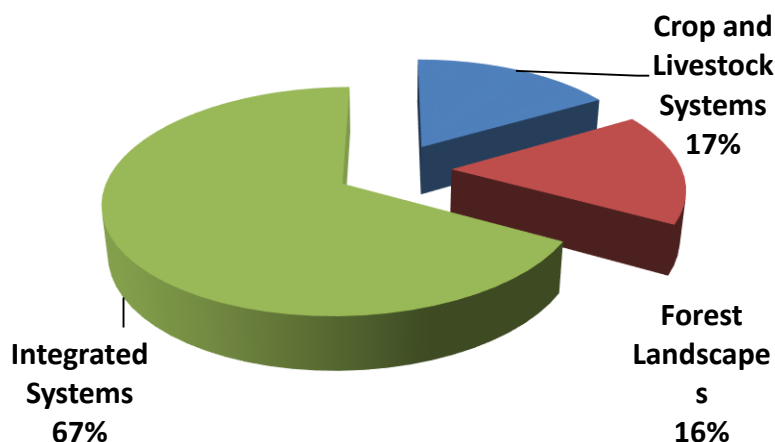


Figure 1: Proportional representation of SLM coverage by production systems (based on FY2011 projects with MTRs and TERs)¹⁴

24. The cohort of FY2011 projects also reported engagement with a total of 607 discrete stakeholder entities at the national level (federal, state and municipal institutions, civil society organizations, private sector institutions, and universities/research institutions), and local level (grassroots groups, school teachers, small-scale producers, micro-watershed associations). A total of 317 farmer households and an additional 806,585 people were considered as benefiting directly from project activities through participation in trial demonstration projects, capacity building in farmer field schools and training courses on SLM, awareness raising activities, and adaptive research on SLM. The indirect beneficiaries are even greater, especially if taking into account the potential for up-scaling and replication through investments and financial reflows generated by the projects, or policy innovations and options developed during implementation.

25. All three LD stand-alone global projects with TEs for FY2011 represent important achievements for the focal area. The UNEP/FAO/GEF *Land Degradation Assessment in Drylands (LADA)* project (UNEP, 1329) contributed tools and knowledge resources (database, maps, and manuals) for multi-scale assessment of land degradation trends (available from the following website: <http://www.fao.org/nr/lada/>). The UNDP/GEF medium-sized project on *Ensuring Impacts from SLM – Development of a Global Indicator System (KM:Land)* project (UNDP, 2836) contributed to the identification and refinement of indicators for SLM, which were useful in the development of LDFA's portfolio monitoring and assessment tool. The UNDP/GEF *Enabling Sustainable Dryland Management through Mobile Pastoral Custodianship (WISP)* project (UNDP, 2193) has helped to streamline the needs and priorities of pastoral communities in the context of safeguarding GEBs in drylands. The outcomes of these three projects have played an important role in reinforcing GEF's mandate under the focal area, including support to affected countries for implementation of the UNCCD.

¹⁴ *Forest landscapes* include areas under restoration/rehabilitation; *Integrated Systems* include land benefiting from adoption of micro-catchment (182) and community land-use (10) plans

International Waters

26. The International Waters (IW) focal area has developed a consolidated tracking tool that combines the GEF-3 and GEF-4 tracking tools with GEF-5 objectives into one common tool. The new tool eliminates the need for the Secretariat to match the proper tracking tool to each project's GEF replenishment phase. The consolidated tracking tool can be completed for all currently implemented and future GEF IW projects at project milestones - project design, mid-term review (MTR), and terminal evaluation (TE). The tool was designed to allow for comparison with past tracking tool indicators, so that individual project and portfolio progress can be tracked from the time tracking tools were first introduced for the FY 2008 reporting period.

27. This year marks the first year the new consolidated IW tracking tool was used. A total of eight tracking tools were submitted for projects at MTR, and eleven were submitted for projects at completion.¹⁵ The shift in reporting on indicators occurred three times during the life of a project versus reporting every year made it difficult to present an analysis of portfolio level performance for all indicators. Instead, observations have been on a select set of indicators.

28. Project participation in IW:LEARN is encouraging for projects at TE with eight out of 11 reporting some level of participation (72%). However, only 50% of projects (four of the eight projects) are reporting some level of participation at MTR. Since GEF-4, all projects are required to allocate at least 1% of the IW GEF investment to IW:LEARN activities. Looking forward, most projects at MTR, therefore, should be able to report the minimum participation agreed upon within the project proposal. Out of the eight projects at TE that reported participation in IW:LEARN activities, three reported having established project websites but not regularly updated (UNDP, 842; UNDP, 1093; and World Bank, 1542). The remaining five reported having regularly updated project websites in-line with IW:LEARN guidelines – and coincidentally are also the only projects to report quantifiable stress reduction data (see below).

29. Moving to the new tracking tool has allowed projects to share quantitative stress reduction results when applicable. The results submitted for FY 11 provide interesting information. As a larger cohort of IW projects reach mid-term and completion the Secretariat will be able to utilize the quantitative stress reduction results to assess progress at the portfolio level. For this year, the Secretariat has highlighted a few of the results of closed projects:

- (a) *UNEP (1248)*: Six demonstration projects validated innovative management practices to reduce the use of pesticides on commercial farms in coastal areas, with a focus on Good Agricultural Practices and Best Management Practices (GAP). The reduction in pesticides use varied between 1.5 to 27.5 kg/ha/year, with higher results obtained in crops with high initial pesticides use and low level of application of GAP. The relative reduction was between 7.6 and 97.4%. Pesticides use: -9.79 kg of active ingredients/ha/year (weighted average of demo projects). The area of influence of the demo projects is 176,311 ha. In this way, **the total reduction potential is 1,725 tons of active ingredients per year.**

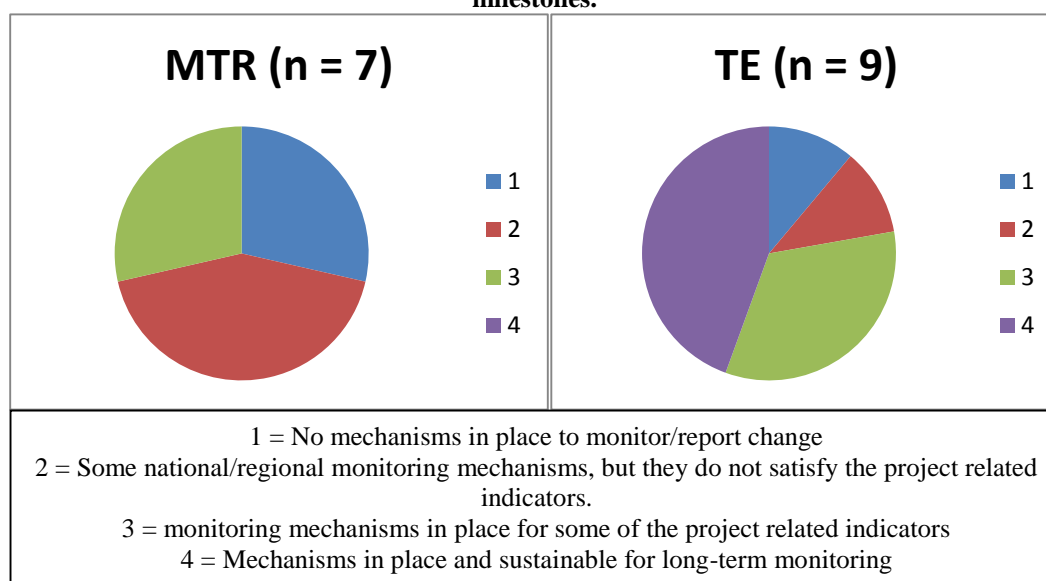
¹⁵ In reality, 12 terminal evaluation projects had tracking tools, as two tracking tools were submitted for the same multi-agency project by the implementing agencies – project #1093.

(b) *UNDP (2617)*: The project resulted in the municipal wastewater reduction of biochemical oxygen demand (BOD) from 21 kg /yr reduced to 4.3 kg/year; solid waste collected > 6 tons; and restored habitat of 17,306 ha by 2021.

(c) *UNEP (3188)*: 2,600/2,700 ha of ICM (...) about 2,600 ha of seagrass areas conserved... more than 50 people in 4 coastal villages provided alternative livelihoods (...) The East Bintan coast covering areas of + 2,600 ha is declared as conservation areas, within which five seagrass sanctuaries in four villages have been established. Each of the seagrass sanctuaries is protected under a village decree signed by the Head of the Village.

30. Stress Reduction Monitoring (Indicator 13) was commonly reported by both MTR and TE projects. Of the seven MTR projects reporting on this indicator, two have monitoring in place that satisfies some of the project indicators, three have national/regional monitoring in place that does not satisfy project indicators, and two have no monitoring mechanisms in place (see Figure 2). However, by TE, this indicator seems to have improved. Of the nine projects reporting on this indicator, four now have mechanisms in place for sustainable long-term monitoring, three have monitoring in place that satisfies some of the project indicators, one has national/regional monitoring in place that does not satisfy project indicators, and one has no monitoring mechanisms in place. With an average baseline rating of one (e.g. no mechanisms in place) from a small sample of GEF-4 and GEF- 5 projects submitting tracing tools at implementation (n=5), these results demonstrate how monitoring mechanisms can mature with the project, as legal institutions are established and community ownership is secured.

Figure 2: Distribution on Stress Reduction Ratings (Indicator 13) from the IW Tracking Tool at two project milestones.



31. To further illustrate the point of progress toward results as a project matures over its lifetime; three TE projects out of seven have reported having legal agreements ratified and entered into force on regional legal agreements and cooperative frameworks (Indicator 1), two countries reported signing the agreement, and two reported that the legal agreement was still under negotiation. This can also be seen by the number of projects at TE that have successfully established national inter-ministerial committees (IMCs) (Indicator 4). Of the nine projects reporting on this indicator, three reported having a fully functional and legally established IMC in most countries participating, five with an IMC established in more than 50% of participating countries, and only one project with an IMC established with less than 50% of the participating countries. In contrast, of the four projects reporting on this indicator at MTR, most had no functioning IMC. With a baseline rating of one for both of these indicators (e.g. no legal agreement in place and no functioning IMC, respectively) from a small sample of GEF-4 and GEF-5 projects submitting at implementation (n=5), these improvements captured by the tracking tool suggest overall effectiveness of IW projects achieving progress toward outcomes during in the lifespan of the project.

Persistent Organic Pollutants

32. In FY2011, five projects reached mid-term and four project reached completion in the POPs focal area. All of these projects deal with POPs, covering areas including PCBs, POPs pesticides, DDT, UPOPs, National Implementation Plans (NIP) development, and capacity building.

33. The Global Environment Benefits (GEB) of POPs projects are calculated based on completed projects and projects at mid-term review which have realized the targets in project documents. Table 5 shows the amount of POPs reduction for the FY2011 cohort. For completed projects, the disposal of PCB contaminated equipment was realized by one World Bank project (IBRD, 2508) which exceeded project objectives and has eliminated approximately 30% of

obsolete pesticide stockpiles and 80% of PCBs in Moldova, and one UNIDO/Romania project (UNIDO, 2715). In WB/Moldova project, the actual result for PCB contaminated soil is zero since the amount discovered during project assessment was more than 3000 tons, which far exceeded the original estimation. A decision was therefore taken to safeguard all of the contaminated soil instead of only disposing the original 50 tons targeted.

Table 5: Cumulative POPs Disposal for Completed Projects in FY2011 Cohort

POPs type	Targets as Set in the Project Documents	Actual results	Percentage Achieved
PCB contaminated equipments	1360 tons	2,103.5 tons	155%
PCB contaminated soil	50 tons	0	0%
POPs pesticides	1150 tons	1,293 tons	113%

Table 6: Cumulative POPs Disposal for Projects at Mid-term in FY2011 Cohort

POPs type	Targets as Set in the Project Documents	Actual results	Percentage Achieved
DDT	1000 tons	1000 tons	100%
UOPs	NA	50 g TEQ	NA

34. Overall, the portfolio is progressing satisfactorily in terms of POPs disposal. All projects have either achieved or exceeded their original targets. For countries where there is strong project ownership, the current portfolio reported no risk with achieving or even exceeding original co-financing targets. Implementation risks mainly come from policy revisions: all completed project reported delays for the legislation enactment component due to various reasons. Either the process took longer than expected, or the original goal was too ambitious.

35. The GEF conducted an overview of its Enabling Activities as well. GEF support to the development of National Implementation Plans (NIPs) began since the adoption of the Stockholm Convention in 2001, and the GEF has provided \$69.25 million for 138 countries for preparation and submission of NIPs. As of April 16, 2012, 110 countries have submitted their initial NIPs to Secretariat of Stockholm Convention. The focal area team is following up with Agencies and recipient countries to track the progress of due NIPs.

III. Special Cross-cutting Focus: Gender and Indigenous Peoples

Gender in GEF Projects

36. The GEF Secretariat has piloted for the first time an analysis on how gender issues are addressed and integrated in GEF projects through information provided through the annual monitoring review process.¹⁶ A total of 151 project implementation reports (PIRs) of projects at mid-term or completion in FY2011 were reviewed across all focal areas. While many of the project reports did not explicitly describe gender related results and progress through the projects,

¹⁶ It is important to note, that at this time the Secretariat does not require Agencies to report through the AMR process on gender aspects of their projects.

the GEF Secretariat's assessment showed that, at a minimum, most projects had at least some degree of relevance in addressing gender issues, as they resulted in benefits and impacts towards women and men, and girls and boys in the society.

37. The relevance of a gender dimension was particularly obvious in the case of natural resources projects, including the biodiversity, land degradation, and international waters focal area projects. Women and girls were recognized as key natural resource users and managers, including for water, fuel wood and farming. They were identified as important stakeholders, and engaged in and benefited from capacity building and improved natural resources management on-the-ground. More often, women were also involved in related income generating activities. Many projects also recognized that women often have unequal rights and insecure access to land and other natural resources, and thus have limited opportunities and ability to access and manage productive assets. Based on this understanding, many GEF projects have also addressed and incorporated gender issues in related national policies and strategies development.

38. One example is the Sahel Integrated Lowland Ecosystem Management Project (WB, 1178), a multi-focal area project in Burkina Faso, which fully accommodated gender dimensions in an integrated ecosystem management project. The project has adopted a participatory planning approach to increase the participation of local communities in conservation activities and decision making, with particular attention to women as users of biological resources and as transfer agents of knowledge to the youth. Women were prominently represented in village associations and participated in decision making process at the community level even through the administrative structures of the community remained largely male dominated. The project also conducted beneficiary assessments among the vulnerable groups, including women and youth, which provided useful information on the status and suggestions to further strengthen women's involvement in project activities.

39. Some of the climate change portfolio projects have also identified clear linkages to gender dimensions in project implementation. Gender mainstreaming in energy projects have recognized the roles and responsibilities of women both as beneficiaries of electric power in their communities and as users of energy for domestic, production and community use. Deployment of renewable energy technologies has also created employment for both men and women. Rural electrification and renewable energy projects have resulted in a positive impact to women and girls in terms of improved access to information and education through radio and television, improved security with street lighting, and improved opportunities for small and medium size enterprises.

40. Examples from the climate change portfolio include the Barrier Removal to Namibian Renewable Energy Project (UNDP, 2256) that provides a comprehensive case of gender mainstreaming in all levels of project implementation, including the inclusion of an equal number of women and men participating in related training programs and benefiting from electricity use as well as the project implementation unit having an equal number of women and men staff. Another example is the Energy Efficiency for District Heating Project in Ukraine (UNDP, 2249), which focused on district heating system, which had a significant impact on women and girls' health by reducing childhood sickness rates with the provision of quality hot water and heat supply to households and an improved heating system in the municipal hospital with maternity care.

41. Through the chemicals focal area projects, women have been actively engaged in POPs and PCB management particularly through training and awareness raising activities. In the case

of the Improved Management and Release Containment of POPs Pesticides Project in Nicaragua (UNDP, 3345), women have been active stakeholders in implementing environmentally-sound chemical management. This is often as heads of families and trusted members of the communities.

42. While overall there is interesting work being undertaken to integrate gender in GEF projects, the Secretariat found that project reports often lack information on the gender related results, including gender disaggregated indicators and progress made on the engagement and impact of the project activities towards both women and men. Of the total 151 projects that were analyzed, only 36 noted specific information related to gender, including results based on gender disaggregated indicators and data. The inclusion of gender specific information was particularly limited within the climate change and chemicals portfolio. Among the 48 PIRs that were reviewed, only eight included information related to gender.

43. During the annual AMR inter-agency meeting (April 5, 2012), the Agencies and Secretariat agreed to further explore how results and progress related to gender could be better reported, in particular whether it made sense to provide aggregated portfolio results or to focus on how gender is integrated on a project by project basis. The Secretariat will continue to undertake periodic reviews and highlight best practices in mainstreaming gender aspects during project implementation and investigate the feasibility of adding a handful of gender disaggregated indicators within focal area results frameworks for GEF-6.

Indigenous Peoples Involvement

44. Similar to the analysis on gender mainstreaming, the GEF Secretariat has piloted an analysis of indigenous peoples involvement in its projects during the 2011 AMR process. Among the total of 151 projects that were analyzed across all focal areas, 29 projects explicitly involved indigenous peoples and reported on that involvement through the PIRs. The portfolio comprised 24 biodiversity projects, two land degradation projects, two climate change mitigation, and one climate change adaptation project. There were no international waters, and chemicals projects that explicitly involved indigenous peoples.

45. Indigenous peoples were involved in about two thirds of the projects (29 out of 43 projects) that were reviewed under the biodiversity focal area. The indigenous communities were involved in the biodiversity projects as important landholders and users as well as holders of traditional knowledge on natural resource management. While some of the protected areas management projects also involved restrictions on indigenous peoples' traditional rights on access to and use of natural resources, these projects have engaged in carefully designing environmentally and culturally compatible economic alternatives through consultation and consent development processes with the indigenous communities.

46. The Indigenous Peoples Plan¹⁷, which is required as part of the World Bank's Policy on Indigenous Peoples (OP/BP 4.10), was recognized as an important and useful tool and framework that clarifies criteria and procedures for implementing, monitoring and evaluating relevant activities for projects that involves indigenous peoples. The projects implemented by the World

¹⁷ The Indigenous Peoples Plan is now required as part of the GEF's Policy on Agency Minimum Standards on Environmental and Social Safeguards and Gender Mainstreaming.

Bank, particularly in Panama, Peru, and China, noted utilization of the plans to ensure appropriate involvement of indigenous peoples for project implementation.

47. The Community-based Adaptation Programme under the Strategic Program on Adaptation (UNDP, 2557) provided small-scale grants for local level climate change adaptation activities, while specifically targeting women and indigenous peoples as key stakeholders. Recognizing that indigenous peoples and women are most vulnerable to the changing climate, the project has worked closely with indigenous communities in Namibia, Samoa and Bolivia, and Guatemala. The project has harnessed indigenous knowledge and practices, and brought them into the context of adaptation to counter climate change risks. For example, the Siya women's group in Namibia is engaged in adaptive agriculture and micro drip-irrigation activities, including use of crop diversification for increased food security.

48. While the PIRs reviewed provided some useful information, particularly on relevant activities and number of indigenous peoples participating in various project activities, all PIRs that were reviewed across focal areas lacked information on concrete results and progress on indigenous peoples' socio-economic status, including income, poverty, and land titling as they were either not part of the projects' results framework or not systematically reported through the PIRs.

49. For certain parts of the GEF portfolio, consideration of indigenous peoples as key stakeholders and participants of GEF interventions are an integral aspect. For these relevant aspects, the Secretariat, through periodic reviews, will continue to review and highlight how and to what extent this engagement is successful. The Secretariat will explore the possibility of incorporating and strengthening appropriate socio-economic indicators for the GEF-6 program strategies, in consultation with GEF Agencies and relevant partners

IV. Lessons Learned: FY2011

50. As part of the reformed AMR process, the Secretariat changed its process for extracting lessons learned from projects in order to improve the substance and robustness of these lessons at the project/program level. Instead of gathering lessons on a broad array of focal area and project implementation issues on an annual basis from projects under implementation, the Secretariat, in collaboration with the STAP and the focal area task forces, developed a set of “guiding questions” to elicit a set of targeted and specific portfolio level lessons learned (see Annex II for focal area learning objectives and learning questions). The new process for FY2011 was applied for projects that are at mid-term or at project completion.

In FY11 a review of a WB project in Peru, “**Participatory Management of Protected Areas**” (GEF: \$14.8 million, co-finance: \$15.9 million), presented results and progress that highlighted some of the creative ways that PA authorities are addressing the financing gap for protected area systems. The “financial mechanisms” used to reduce the funding gap are not normally identified in the literature as options for protected area managers, thus, the project demonstrates the need for more creative thinking about how to meet management costs with solutions that are easy to implement and context specific. In the case of Peru, the GEF has provided considerable financial support—along with other donors—over long periods of time which allowed for the development of considerable institutional capacity, political support and strong enabling environments.

Several financial mechanisms for PAs were created or strengthened under the project, which included further capitalization of the protected area Trust Fund, development of a financing strategy for SINANPE (Peru’s National Protected Area System), and the introduction of “Administration Contracts” for management of PAs. The contribution on an annual basis from the trust fund is modest, but important.

The development and implementation of the Administration Contracts (ACs) represented a unique but practical way to meet a management imperative while simultaneously increasing revenue for PA management. In the Peru context, ACs are long term agreements between the national PA authority and NGOs, or an association of an NGO with a local academic institution. Selection of contractors is competitive and the contracted party commits to secure and contribute at least an equivalent amount of resources toward managing a particular PA or implementing whatever aspect of the management plan is specified in the Contract. While a 1:1 ratio is the basic requirement, some contractors have brought in as much as 4:1 co-financing, and amounts of up to \$2 million. At the time of project closure, the three ongoing ACs had secured an additional \$8.2 million for PA management.

Since project closure, eight more contracts have already been entered into for a 20-year period and existing contracts have been extended for ten years. This year ACs will bring at least \$23 million for management of 8 protected areas, versus the Government’s current annual contribution of about \$5 million. Given that only 8 of the Country’s 36 PAs are benefiting from ACs, it would seem there may be a large unrealized potential to scale up further. In the meantime, the legal, regulatory and institutional framework for ACs that the GEF project helped establish over the course of project implementation have led to the largest single source of revenue currently supporting management of Peru’s PA system.

51. A summary of cross-cutting capacity development projects and one enabling activity the Biosafety Second National Communications are provided in Annex III. In the future, reporting on capacity development projects will be included in Part I of the AMR. As lessons learned from the capacity development portfolio emerge, these will be included in Part II. For enabling activities, starting next year, the Secretariat will work with Agencies to receive updates on project status to include in Part I of the AMR.

Biodiversity

52. Financing biodiversity conservation has become an increasingly important topic within the context of the Convention on Biological Diversity (CBD). The GEF is currently supporting countries to revise their National Biodiversity Strategies and Action Plans (NBSAPs) and a key element of the revised NBSAPs will be resource mobilization strategies to help close the funding gap at the national level. Therefore, in this year's biodiversity focal area findings, we have focused on identifying approaches that projects are pursuing to close the biodiversity conservation funding gap.

Sustainable Financing of Protected Area Systems: "ENDOWMENT+"

53. The protected area (PA) project cohort during FY2011 was dominated by GEF-3 projects with only a few GEF-4 projects. During GEF-3, project designs included fewer comprehensive approaches to increase PA financing and diversify revenue streams that are now more common in the biodiversity portfolio since the GEF-4 and GEF-5 biodiversity strategy explicitly defined this as a priority area of investment. Within this earlier generation of projects endowment funds maintained centrality in PA financing strategies. Their appeal is well-known: ease in establishing and managing, consistent returns can be realized with minimal risk to capital thus providing a reliable income stream, and the body of good practice on trust fund management is broad and deep.

54. The most interesting findings in the area of PA financing are the project experiences that have successfully complemented endowment fund revenues with a variety of financing strategies, many of which are often overlooked in the quest for "innovation." "ENDOWMENT +" projects are those projects that have successfully established endowed conservation trust funds that are often modest in size but that supply a steady and dependable stream of income that reduced the funding gap by a consistent percentage each year. The endowment size limits the amount of resources that can be generated, hence, the importance many projects have placed on developing creative and complementary mechanisms that add revenue to the income generated by the endowment funds.

55. First, as first identified in the AMR2010, demonstrating the economic value of protected areas through a transparent economic analysis has been demonstrated to be successful in securing significant increases in budget from Governments¹⁸. This has to be done alongside strengthening of the governance of the PA system such that Government perceives an increase in budget for the PA authority as a sound investment. Protected area administrations that have been able to demonstrate sufficient management capacity and the ability to conduct PA operations in the most cost-effective manner possible have been the most successful in increasing Government budget support for the PA system. Demonstrating the economic value of protected areas is easier when PAs are generating tourism revenue in addition to their ecosystem service values.

56. Second, a number of projects used complementary mechanisms that relied on a private sector approach to either reducing costs or improving PA management through contracting with private sector or NGO service providers to perform PA management functions (sometimes in the form of concessions). An interesting case was identified where previous GEF investment helped establish the conditions for the creation of a "business arm" for commercial aspects of PA management that required skill-sets that were beyond the capacity of the responsible PA authority

¹⁸ TEEB (2010) The Economics of Ecosystems and Biodiversity: Mainstreaming the Economics of Nature: A synthesis of the approach, conclusions and recommendations of TEEB.

(such as developing biodiversity-based product lines from protected area biological resources, management of lodges and tourists, etc.). Close attention was also paid to cost-containment (performing certain PA management functions more efficiently thus reducing management costs) as well as more effective development of income generation opportunities by relying on business development expertise that exists outside the PA authority, per se.

57. Third, some creative project designers have been able to steer existing Government funding towards protected area management objectives, either directly or indirectly. The classic case in the GEF portfolio is the C.A.P.E. Biodiversity Conservation and Sustainable Development Project in South Africa (UNDP/WB, 1516), in which the project designers were able to channel resources already identified by the Government towards job creation into activities that made a positive contribution to PA management and biodiversity conservation within and outside PAs (e.g., Working for Water). Although this is a country specific finding that occurred during a unique period in the country's political development, the approach represents a creative way to complement the first point above: not only can one lobby for increased resources but opportunistic and creative project designers and managers can direct existing resources to PA management objectives, thus increasing funding support towards PA management and reducing the PA management funding gap through an indirect source.

58. Many other mechanisms are being used (tourist fees at park gates, tourist taxes that copy Belize's PACT tax paid at the airport, user fees, etc) as sources of additional revenue for PA management, however, we do not have a large enough body of experience to yet draw any conclusions on their efficacy nor on the relative importance in reducing the funding gap for PA management based on this year's project cohort. However, a number of GEF-4 projects submitted the first completed versions post CEO-endorsement of the Sustainable Finance Scorecard, an addition to the GEF tracking tool for protected area projects. These first projects clearly demonstrated the utility of this tool in providing transparent data on the ability of project investment to reduce the funding gap and this tool will facilitate the analysis of the efficacy of each mechanism. Hence going forward, GEF will have increasing data on the funding needs and funding solutions for protected area systems worldwide given that in GEF-4 about 50 countries received support to develop systematic funding strategies to reduce the protected area funding gap and more countries are directing resources to these kinds of projects during GEF-5.

59. Perhaps the most surprising finding coming out of the FY2011 review is that even in times of economic hardship globally, we found numerous examples of increasing revenue flows to PA management from Government.

Biodiversity Mainstreaming: The Role of Banks and Behavioral Bonuses

60. GEF's strategy to support biodiversity mainstreaming focuses on the role and potential contributions of both the public and private sector. The strategy aims to strengthen the capacity of the public sector to manage and regulate the use of biological diversity in the productive landscape and seascape while also exploiting opportunities to support the production of biodiversity-friendly goods and services by resource managers and users including the private sector.

61. Advancing policy change through GEF projects is a slow process with progress not easily measured until project closure. At project mid-term, very little progress was noted within the cohort, however, a success rate of 66% was achieved by project closure in achieving the most advanced step of policy change through the policy development-implementation-enforcement-monitoring framework as defined and monitored by the GEF tracking tool. It was also noted that some success has been achieved with small policy pilots to demonstrate the potential impact of a policy before larger scale national-level policy initiatives were started. An intriguing finding was the identified need for project design and implementation strategies to more explicitly address the issue of enforcement to ensure that policy changes actually have the desired outcome in the field.

62. With regards to accelerating the production of biodiversity-friendly goods and services, this year's cohort included projects that collectively achieved third-party certification (FSC, Rainforest Alliance, etc.) covering 3.2 million hectares by using the premium charged for these products as the incentive for changing production practice. However, many projects are still recording the changed condition of the productive hectares covered by the project as being managed under "sustainable management" regimes without certification as the indicator of biodiversity-friendly management and these projects covered 7.3 million hectares. Therefore, in this cohort, only 30% of the area covered by biodiversity mainstreaming projects has undergone certification, the closest tool we have for an independent assessment of management practices and the most reliable and practical proxy for biodiversity condition that currently exists. For the remaining 70% we have no real quantitative evidence to demonstrate that the condition of biodiversity has changed or stayed the same.

A UNDP project, **CAMBIO—Central American Markets for Biodiversity** (GEF: \$10.2 million, cofinance: \$17 million) aims to mainstream biodiversity conservation and sustainable use within small, micro- and medium-sized enterprise (SMME) development and financing in five Central American countries (Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua). The project will achieve this by strengthening the ability of the financial sector to provide loan financing for SMMEs that generate revenues from conserving biodiversity. This is critical because SMMEs in the region tend to not have access to finance or technical assistance. Banks themselves do not understand green markets and avoid taking risks in investing in biodiversity-related SMMEs. The SMMEs themselves have weak business management and limited knowledge and access to green markets, which makes it difficult for them to develop successful business models and apply for credit. Additionally national policies favor conventional SMMEs and not biodiversity friendly ones.

To overcome these barriers the project is employing a multi-pronged approach of strengthening the capacity of the financial sector to provide loans and the capacity of the SMMEs to receive and manage loans, while improving the policy framework to stimulate biodiversity-friendly business models. The project strategy is to provide technical assistance and partial credit guarantees so that commercial financial institutions in the region can then provide the loans through their normal channels and hence each loan becomes a pilot to be mainstreamed into the providers risk and loan approval processes. By project mid-term, more than \$13 million in loans have been approved by financial institutions and disbursed to about 2,770 SMMEs, a significant increase over the \$2.5 million in loans cumulatively provided to nearly 300 final credit users in the previous year. Numerous biodiversity-friendly activities are being supported including organic agriculture, organic certified coffee, agroforestry, sustainable forestry and tourism. By project mid-term, the only loan recipients that are already taking products to market are the certified coffee producers who have sold about 38 million tons of coffee for a total of \$192 million. Certification systems being applied include: Rainforest Alliance, UTZ Kapeh, USDA Organic, BioLatina Organic, and FLO-Fair Trade.

63. Thus, as part of GEF-6 strategy development for biodiversity mainstreaming, consideration must be given to whether GEF should only support those projects that result in certification of management practices by a third party to ensure that some biodiversity benefits are being realized as current reporting is not rigorously quantitative enough with regards to biodiversity-friendly production practices that fall outside of an internationally-recognized certification system.

A completed World Bank project, **Mexico Environmental Services Project** (GEF: \$15.35 million, Cofinance: \$ 166.79 million), strengthened and expanded two national PES programs in Mexico – the PSAH (Payments for Hydrological Environmental Services Program) system (which focuses mostly on hydrological services) and the CABSAs (Program to Develop Environmental Services Markets for Carbon Capture and Biodiversity and to Establish and Improve Agroforestry Systems) which seeks to provide incentive payments for carbon capture and biodiversity conservation. It aimed to conserve the ability of mountain forest ecosystems to provide several environmental services – watershed services, carbon, and biodiversity.

The key outcomes and outputs were: (i) strengthening the capacity of CONAFOR (the National Forestry Commission), community associations, and NGOs to increase flexibility and improve efficiency of existing service provision to support long-term development of the PSAH program in Mexico; (ii) establishing and securing sustainable long-term financing mechanisms; (iii) establishing legal, institutional, and financial arrangements to pilot market-based mechanisms for payment for environmental services; (iv) documenting links between land use changes and water services improvements and biodiversity conservation; and (v) defining good practices to replicate, scale up, and sustain market-based PES programs.

The project supported species and habitat conservation on 644,600 ha of land under the national PES program, compared to an original target of 84,500 ha. In addition, 2.5 million additional ha of land has been brought under PES contracts, compared to an original target of 500,000 ha in additional land. In terms of replication, compared to an original target of 2 local mechanisms being established, covering 5,000 ha, with \$197,500 in payments, 30 contractual arrangements have been established, paying \$4.3 million per year, covering 122,500 ha. Finally, an endowment fund was established in CONAFOR with \$21.5 million, which will ensure sustainability and continued payments for the provision of biodiversity services. Hence, the project demonstrated how PES can serve to finance the provision of biodiversity benefits within and outside of protected areas through the provision of incentives.

Sustaining biodiversity requires a long-term vision

64. Projects identified by the Agencies as having the most success were often those that enjoyed considerable investments--both GEF and non-GEF--- over long periods of time which allowed for the development of political support and strong enabling environments. These projects most often lead to the most transformative change both in terms of PA management and biodiversity mainstreaming, the latter requiring more delicate and consistent interaction with policy makers and government officials where change can be slow and hard won thus necessitating more long-term engagement than a single GEF project can provide.

65. Thus, within the context of the STAR, biodiversity programming would benefit from a longer-term vision beyond the 4-year replenishment cycle. This is particularly true in the realm of GEF support to protected area systems. Many countries have been constructing step-wise investments that strategically contribute to the three pillars of PA system sustainability as defined in the GEF BD strategy: ecosystem/species representation, financing, and institutional/individual capacity and these investments have spanned GEF-4 and the first years of GEF-5. Thus, going forward, this kind of step-wise programming of individual projects as contributions to a vision that can only be achieved over the long-term--such as a sustainably financed PA system or biodiversity mainstreaming within productive sectors--- is another way of implementing "programmatic" approaches with biodiversity financing.

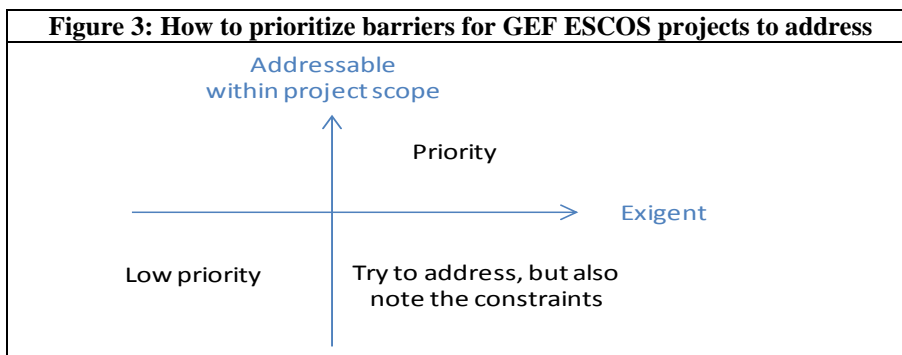
Climate Change Mitigation

66. For FY2011, the climate change mitigation portfolio's lessons learned focuses on an analysis of the remaining barriers faced by energy service companies (ESCOs) in developing countries. The following analysis adopts an analytical framework of a recent paper "Energy Service Companies in Developing Countries," published by the International Institute for Sustainable Development (IISD) in 2010¹⁹ to examine six GEF ESCO projects that reached project completion or midterm review stage in FY2011.

67. The IISD paper presents the following seven categories of barriers to ESCO's success in developing countries: i)_ Government energy policy disincentives; ii) Limited knowledge of ESCOs and reliability concerns; iii) Lack of human resources; iv) Challenges of the Energy Performance Contract (EPC) business model; v) Client preferences for in-house solutions and other priorities;vi). Difficulties accessing financing; and vii) High administrative and transaction costs.

68. Among the six GEF ESCO projects in the FY2011 cohort, an analysis of the terminal and mid-term evaluations showed that GEF projects were effective in addressing the first three barriers. Project activities included providing policy incentives, demonstrating the EPC model, and providing training to ESCOs and their clients. These activities have raised awareness of ESCOs and enhanced the capacities of ESCOs and their clients. However, the remaining four barriers were not fully addressed, contributing to the lack of success or replication of ESCO models in some countries.

69. Many of these remaining barriers are not stand-alone issues, but are highly dependent on the market structure of a country's utility industry and the development level of its credit market. Therefore, during future project design, it is crucial to answer the following questions: Are these barriers exigent issues and should be addressed? Are these problems addressable within the scope of a GEF project?



70. For example, if lack of financing to small and medium enterprises (SMEs) is an exigent issue that requires immediate action or remedy in order for the success of ESCOs and addressable within a GEF project, then dealing with the issue should be a priority component of the project.

¹⁹ The IISD paper studies ESCOs' situation in more than ten emerging countries and proposes several potential solutions to addressing the persisting barriers to ESCO's success. Twelve cases cited in this paper were past GEF projects as listed in Annex X.

If barriers are not exigent and not addressable by the proposed project design, then a GEF project may not be warranted.

71. Some of the barriers are crucial yet not completely addressable within the scope of GEF projects, such as immaturity and conservativeness of local financial markets. Many GEF projects attempted to set up partial credit guarantee facilities. Some were successful but others failed. Such facilities require relatively advanced credit markets, where sufficient demand for debt financing and capacity for project financing exist. Moreover, sufficient capacity to identify and develop bankable EE projects (e.g. energy audits and feasibility studies) need to be cultivated. In other words, loan guarantees often serve as the final push in such circumstance: The banking sector is fairly functional and capable of EE lending, but real or perceived repayment risks exist. Therefore, when the local financial market is immature, such as in the Croatia EE project (UNDP, 882), it might have been beneficial to have a dedicated debt agency to provide EE lending, or international institutions to provide some concessional financing to demonstrate the EPC model first. However, local ESCOs should not rely on international concessional funding or grants in the long term.

72. Using grants to purchase equipment that is then transferred to ESCOs has proven to be an ineffective and problematic practice, which has been illustrated in the ESCO component in the Ukraine EE project (UNDP, 2249)²⁰. These lessons show that for long-term success of ESCOs, domestic commercial financial institutions must eventually play a role in financing ESCO projects. The local banking sector must gradually adopt rules and modalities suitable for project-based financing and develop an understanding of the risk/return profile for EE projects.

73. Barriers that are exigent and addressable within the project scope should be the focus of proposed GEF projects. Two potential areas to focus on are identified below.

74. **(1) Initiate exemplary retrofits in public sector.** Public sector agencies, at the local, regional and federal level, can and do play a key role in ESCO development. They are major energy users and potential clients for energy services. Demonstration programs in the public sector increase awareness about energy efficiency, technologies and ESCOs. These programs also increase ESCO capacity and are key to market creation. Government demonstration programs have been central to ESCO success in developed countries. Currently, key barriers with demonstration in public sector in developing countries are:

- (a) Budgets of many public sector operations are based on the previous year's energy consumption. If energy consumption is reduced, so are the budgets, providing little incentive for public entities to become more energy efficient. Funds cannot be shifted from one budget (operational savings) to another (investment) in some agencies. As evidenced in the Vietnam efficient street lighting project (UNDP, 1106), public lighting is currently in the hands of state-owned enterprises or shareholding companies with majority or dominant state participation. Their investment comes from government appropriations. The owner of the lighting has little incentive to invest in purchasing efficient lighting

²⁰Terminal Evaluation Report (UNDP, 2249) "The financial component related to equipment procurement should be smaller and technical assistance, especially for dealing with resource mobilization and market development, should be more significant. Transferring the ownership of the equipments post-project caused accounting and legal complications to the ESCO, such as a sudden increase of assets on the balance sheet, and whether depreciation is allowed when the equipment is bought with ODA (\$0 cost)."

products because they do not pay the electricity bill²¹ and will not benefit from the savings. Public lighting enterprises also prefer government appropriations to commercial loans or credits. Furthermore, banks and credit institutions prefer lending to private sector commercial companies and are reluctant to lend to public lighting enterprises.

(b) Procurement rules often focus on minimizing initial costs rather than minimizing life-cycle costs, which penalizes efficiency projects with higher up-front capital costs but lower life-time operating costs. In many countries, there are no “green” procurement rules and rules do not allow for multi-year financing considerations (i.e., payments to be made in the current budget year do not take into consideration the cost savings in the future.)

75. To address these barriers and promote ESCOs, governments could undertake demonstration projects in public buildings or utilities and change public procurement rules to ensure that these projects can be executed. It would be helpful to create continuous demand in the public sector by designing budget incentives and making efficiency goals part of project planning. One GEF project in Vietnam (UNDP, 1106) has successfully demonstrated efficient public lighting in partnership with Sapulico,²² combining longer-term investment decisions with shorter-term operating savings with a mild profit objective. In 2009, the pilot implementation of Central Public Lighting System Control (CPLSC) for streets was successfully completed in Ho Chi Minh City with significant lighting quality improvements and energy savings. This is the first stage of implementation of the CPLSC in Ho Chi Minh City (12,000 luminaries to be controlled). An assessment supported by the project helped the City’s authority to confirm the possibility of enlarging the Center to 90,000 luminaries in the future.

76. **(2) Develop and demonstrate effective business models for smaller projects.** It is critical for ESCOs to develop and demonstrate effective business models for smaller projects, such as energy efficiency in residential and commercial buildings and SMEs. These potential clients could constitute an important portion of a viable ESCO industry. However, some GEF projects experienced the following problems, which prevented them from implementing smaller projects effectively:

(c) ESCOs may not be particularly attractive to residential/commercial building owners and SMEs, given the smaller energy savings and complexity of structuring an EPC. Residential and commercial building owners and SMEs often prefer to implement incremental EE measures by themselves. As shown in the Vietnam SME project (UNDP, 1336), SMEs are more likely to hire ESCOs as consultants and implement the project themselves since small enterprises are more cost-conscious and “hands-on” in terms of managing their enterprises. It may be more suitable to adopt a straight fee-for-service model for smaller projects rather than the EPC model.

(d) ESCOs are often not willing to invest in small projects, because of high transaction costs, high risks, low profits and longer time in structuring workable contracts. As suggested in the Vietnam SME project (UNDP, 1336), the EPC modality has higher risks with smaller enterprises where their revenue streams are less certain. If there is a drop-off

²¹ In economic terms, this disconnect is dubbed “dislocated agency” and is a common barrier to adoption of energy efficiency technologies.

²² Sapulico is a public lighting company in Ho Chi Minh City

in production levels of the SMEs, the ESCO will be at risk of not being able to properly service their debts. Moreover, baseline determination for small enterprises is less reliable than medium to large enterprises. Smaller enterprises that become familiar with the EPC contract modality may withhold vital information, which leads to lower baseline energy consumption and reduces the income of the ESCO. The high transaction costs issue is also seen in the India tea sector project (UNDP, 2500). The ESCO, EIPRO Energy Dimensions, suffered a loss partly due to high logistic costs in the remote areas.

(e) Smaller projects often do not qualify for financing under conventional financial rules. Small ESCOs often have difficulty to prove creditworthiness and obtaining collateral. Their clients, the SMEs, are also not considered creditworthy due to their poor balance sheet. In the Vietnam SME project (UNDP, 1336), ESCOs only provide services to smaller energy conservation investments where they can borrow money from scarce personal or family assets. These companies are experiencing difficulty in developing larger EPCs due to this lack of access to larger financing.

(f) Multiple-family dwellings and commercial buildings often suffer from onerous decision making process: these buildings usually have multiple owners or landlords/tenants, which requires more efforts to reach consensus. For example, in the Croatia EE project (UNDP, 882), there is no single legal entity responsible for the whole multi-apartment building with privately owned flats, and a 100% quorum is required for any investment decision. This practically prevents any building level investment, including but not limited to building level energy efficiency reconstruction. Experience from other countries shows that a legislative measure is needed to reduce the required quorum. Otherwise no building level investment will materialize. Also seen in the Croatia project, in existing multi-apartment buildings, district heating is still billed per square meters of flats to individual flat owners. Regulations are needed to ensure installation of building level heat meters, and radiator level heat-cost allocators also in the existing multi-apartment building stock (current legislation requires billing based on metering only for new buildings). Lack of incentives is also evident in the Lebanon project (UNDP, 636), where building owners are still reluctant to invest in technologies to secure long-term cost savings even when the payback period is short.

77. One approach²³ to address the challenges of ESCOs and SMEs may be bundling projects which could potentially reduce transaction costs and increase SMEs ability to obtain financing. Bundles could be composed of several commercial or residential buildings, or multi-project facilities. Banks, ESCOs, or even governments could act as the project aggregator. Streamlining approaches for small projects through standardized project approval parameters could also improve access to funding for smaller projects. For example, in a World Bank project in India²⁴, the local commercial banks have developed a cluster approach for energy-efficiency lending, where template loans have been developed for batches of projects in the same geographical location, same industrial sub-sector, or using the same types of technical innovations. To reduce the transaction costs of serving SMEs, ESCOs can develop standardized contracts and monitoring

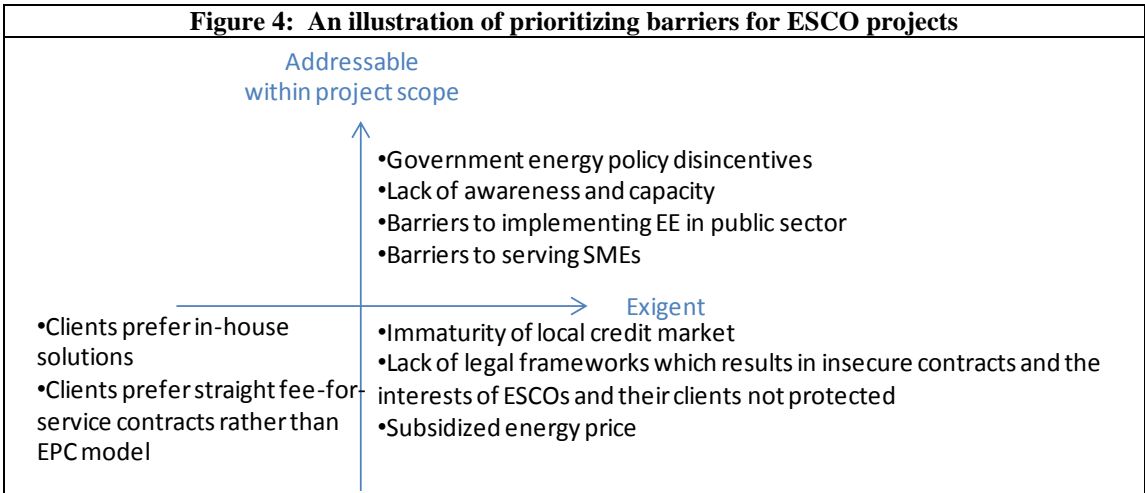
²³ Jennifer Ellis, 2010. International Institute for Sustainable Development (IISD): Energy Service Companies in Developing Countries

²⁴ World Bank and UNEP, Three Country Energy Efficiency project, <http://3countryee.org/reports.htm>

and verification protocols. In a mature local credit market, providing loan guarantee fund to ESCOs or their clients can be effective to increase access to financing.

78. The GEF Vietnam SME project (UNDP, 1336) was relatively successful in addressing these barriers. The energy conservation project for SMEs demonstrated that investment costs could be paid back by the SMEs within a 0.5 to 2 years period through the loan programs setup by the project, constituting a good investment for the SME. ESCOs are now located in close proximity to potential markets in Vietnam. In the case of the ceramics and brick sectors demonstrations, the clustering of these industries provides easier access to demonstration projects as opposed to the other industrial sectors, which are more dispersed (i.e. textiles, food processing and pulp & paper). Currently the project has a \$1.7 million loan guarantee fund (LGF) that provides guarantees to SMEs. The terminal evaluation suggests expanding the LGF conditions to provide guarantees to ESCOs and EPCs. This would remove a substantial barrier to the development of ESCOs in Vietnam. The new LGF administrators in the National Foundation for Science and Technology Development and the Vietin Bank have sent strong indications that the new operating regulations of the post-project LGF will include ESCOs.

79. In summary, the GEF and its partners should access the exigency and addressability of barriers to ESCOs’ success in order to focus international support and prioritize actions. An illustration of this approach is shown in Figure B. The lessons drawn from these cases are expected to facilitate the GEF and its partners to learn from past experience and adjust ESCO strategies in the future.



Climate Change Adaptation

80. The qualitative analysis of CC-A for FY2011 is based on the question of how projects in the portfolio contribute to or enable effective community participation in decision-making during implementation?

81. Both projects that reached mid-term in FY2011, have successfully involved communities in adaptation work and awareness-raising (UNDP, 2614 and UNDP, 3417). In the Gambia, successful implementation of the ecotourism initiative directly involved the communities, through a participatory and country driven national steering committee. In Armenia, reforestation activities provide temporary employment to community members and local stakeholders, including women. In the Meghri site, school children were involved in the project in planting and taking care of the site (Arevik National Park).

82. Synergies with other community activities on the ground also proved successful. In Mauritania, the ACCC is cooperating with GEF SGP on the ground in order to enhance local monitoring and decision-making of community activities, on a daily basis, rather than having a centralized system.

Land Degradation

83. The LDFA portfolio under implementation is dominated by projects approved in GEF-3 under the Integrated Ecosystem Management (IEM) Operational Program (OP12). This year's analysis specifically targeted integrated approaches and achieving multiple benefits while combating land degradation in drylands. The overall findings and lessons draw primarily on the FY11 cohort of projects that reached mid-term and project completion, as well as from a learning mission to China where the IEM approach is at the heart of the ADB-led PRC-GEF

Land Degradation Learning Mission: February 2012 (China)

The **PRC-GEF Partnership** is based on a 10-year (2003 - 2012) Country Programming Framework developed by the Government of China. ADB is the lead GEF Agency with IFAD and World Bank also implementing sub-projects under the partnership. The partnership focuses on combating land degradation through a holistic approach that includes multiple sectors, institutions, and governance frameworks. It is focused on the vast western region covering 6.8 million km² of mostly dryland ecosystem, with a population of at least 350 million. Total GEF investment to-date is \$27 million, with an additional \$378.6 million in co-financing from the Government and GEF Agencies. Although most of the sub-projects are still in the early stages of implementation, there is clear progress being made with the IEM approach, including evidence of an established institutional and policy framework at multiple levels. The value-added and catalytic role of GEF in the partnership has been primarily demonstrated by the uptake and mainstreaming of IEM in development planning across all western provinces.

Partnership to combat land degradation in dryland ecosystems (see text box).

84. Based on reviews of project mid-term reviews, terminal evaluations, and the China learning mission, it is clear that progress is being achieved with respect to project outputs and outcomes. However, lack of consistency in the use of indicators and tools for monitoring makes it difficult to demonstrate progress toward agreed Global Environmental Benefits (GEBs) and development benefits. Specific highlights of lessons are presented below:

Measurement of agreed GEBs of SLM at different scales (site / farm-scale, landscape / watershed, national, regional)

85. The portfolio of projects and programs implemented under the LDFA strategy is expected to contribute to the following agreed global environmental benefits from the implementation of Sustainable Land Management (SLM) interventions: a) Improved provision of agro-ecosystem and forest ecosystem goods and services; b) Reduced green house gas (GHG) emissions from agriculture, deforestation and forest degradation and increased carbon sequestration; and c)

Reduced vulnerability of agro-ecosystem and forest ecosystems to climate change and other human-induced impacts.

86. The LD learning mission to China found that there are still challenges with selecting and applying indicators for portfolio level monitoring of these agreed GEBs. Despite the overall spatial coverage of SLM reported, there are no clear measures of how the interventions are contributing to the agreed GEBs at different scales.

87. Several projects reported that due to the slow rate of physical changes in land conditions, annual variability in climate, and limited incentives for time-consuming data collection, impact indicators designed to track changes in the state of land resources have proved difficult to implement. Important indicators such as vegetation cover and biomass accumulation were noted as difficult for monitoring and measuring at the landscape scale. Overall, quantitative measures of GEBs from SLM are poorly reflected in both the mid-term and terminal evaluation reports submitted for the FY2011 AMR. The Secretariat will work with the land degradation task force to explore the possibility of receiving information on quantitative measures of GEBs for the cohort of projects currently under implementation until the focal area tracking tool becomes the standard for portfolio monitoring.

Tools for monitoring and measurement of agreed GEBs

88. Some projects are overcoming the challenge of monitoring GEBs by applying satellite imagery and GIS-based tools at scale, and in combination with “spot-check” and field surveys for verification. The IFAD/GEF project on *Sustainable Land Management in the Watersheds of the North Central Plateau* in Burkina Faso (IFAD, 3567) used analysis of satellite images to monitor the rate of vegetation cover and the proportion of bare soil from the baseline established in 2008 in five pilot watersheds.

89. In the WB/GEF Gansu and Xinjiang Pastoral project demonstration site in Gansu, standard indices were used to monitor species accumulation in the grazing controlled areas. Participatory monitoring is being used at all demonstration sites, but focusing mainly on environmental and land productivity indicators that are useful to farmers.

90. Two global projects – LADA and KM: Land - with terminal evaluations focused specifically on enhancement of the LDFA agenda through development of indicators and tools for monitoring impacts and GEBs of SLM at multiple scales. The knowledge resources from these and other similar projects are publicly available, but remain inadequately tapped by projects. They need to be increasingly highlighted as practical and tested options by GEF Agencies, enabling greater consistency in measuring GEBs and greater certainty in claims to deliver simultaneously both global environmental and local developmental benefits.

Linking the agreed GEBs to project level impacts at the different scales

91. Although measures of GEBs are generally lacking in the FY2011 project cohort, links between SLM interventions and project level impacts are evident through measures of socio-economic benefits and the numbers of target beneficiaries, which are also equally important for the focal area mandate. Links are particularly manifested at the local level, where SLM impacts contribute directly to livelihoods and economic benefits for farmers, especially those involved in

small-scale production practices. Increases in production upon implementation of SLM practices are, for example, consistent in the ‘ecosystems goods and services’ approach as a benefit indicator.

92. In Brazil, the *WB/GEF Sao Paulo Riparian Forest* project (WB, 2356) reported that SLM increased the income of farmers who adopted them by 16% to as much as 157%, equivalent to some USD 1400 to USD 6600 per year per farmer. Yield increases ranged from 23.5 % (cotton) to 100% (dairying) over 5 years. In the PRC-GEF Partnership project in the Gansu and Qinghai provinces, crop and livestock productivity were used as major indicators of socio-economic benefits, but focused only on participating farm households in demonstration sites. These socio-economic and livelihood impacts can also serve as incentives for land users to invest in SLM interventions as a long-term priority. To translate these measures into effective portfolio level monitoring will require consistency in applying the agreed socio-economic benefits for the focal area, including evidence of links with GEBs from SLM in the production systems.

Major tradeoffs associated with generating ecosystem services from SLM projects in different production systems

93. The dynamic nature of land uses, maintaining a balance in flow of ecosystem services is essential for long-term success of SLM interventions in production systems. Tradeoffs in land, water, and biomass production are inevitable, and therefore need to be managed at scale as part of the overall approach to SLM. While no specific tradeoffs are highlighted in the FY2011 cohort of projects at mid-term and completion, there are possibilities of some SLM outcomes that generate ecosystem service benefits creating new pressures in the production systems (Table X). In the PRC-GEF partnership projects, an important trade-off involved the presumption that intensification of production at the homestead (e.g. stall-fed sheep) will ease pressure on the degraded extensive rangelands, thereby contributing to environmental rehabilitation and development through compensatory investments into on-farm development. While this was indeed demonstrated in the WB/GEF Pastoral project pilot site in Gansu, the magnitude and scale of transformation in traditional grazing lands could be significant for both development and global environmental benefits, if quantified. Tracking these likely tradeoffs at portfolio level will help to foster innovations in the project approach, including the potential for increased synergy with other GEF focal areas and funding windows. It is therefore essential either through a learning process or through future MTRs and TEs to specifically identify all potential tradeoffs and clarify how they are addressed as part of the overall project approach for ensuring long-term sustainability of GEBs.

Catalytic Effect in SLM Projects: Scaling-up & Replication

Potential investments and financial reflows for SLM:

As a result of the field-testing of PES in two micro-catchments through the *WB/GEF Sao Paulo Riparian Forests* project (WB, 2356), the State Government committed an initial US\$3 million for implementation in 21 pilot municipalities state-wide. By end of project, the initial US\$1 million GEF financing for policy development had generated over 3.4 times as much funding.

Policy innovations and options designed to remove barriers for SLM -, UNDP/GEF *WISP*

project (UNDP, 2193) reported up to 1 million hectares of pastoral lands benefiting from policy and attitude support for SLM, support for mobile production systems, and recognition of the value of livestock as a range management tool. The greatest GEF catalytic effect in this case is manifested through improvements in land tenure and user rights, especially for smallholder farmers. GEF financing plays a critical role in facilitating the removal of barriers, which empowers communities to adopt SLM practices that generate GEBs.

Table 7: Examples of Potential Tradeoffs from implementation of SLM in Production Systems

Production System	SLM Outcome	Potential tradeoff	Implication for Project Approach
Rangelands	Increased vegetative cover and biodiversity in pastures and grazing areas	Increased livestock population create new pressures on natural habitats	Establish livestock thresholds and carrying capacity or create fodder alternatives
Agriculture	Improved small-scale irrigation for crop production	Expansion of crop production increase risk of water resources depletion	Integrate management options for improving hydrological flows in the landscape
Forest Landscapes	Increased tree and forest cover	Shifting of crop production create new pressures on natural habitats	Enhance shift toward high value tree crops in the production landscape

Achievement of synergy in generating agreed GEBs from implementation of SLM projects at multiple scales

94. Projects that implement the IEM approach are useful models for achieving synergy in generating GEBs from combating land degradation in production systems. With IEM projects still dominating the LDFA portfolio, there are significant opportunities for demonstrating such synergy at scale. There are examples of incentive mechanisms for land users to harness synergies in SLM including payments for ecosystem services (PES), which enables farmers to implement land use options that generate or improve GEBs such as water and carbon in production landscapes. The use of micro-project financing was also common in IEM projects as a means of helping communities to implement SLM interventions with potential for synergy. For both PES and micro-project financing, synergies are achieved when the investments are targeted in spatial context (e.g. watershed) where the ecosystem services (e.g. carbon sequestration, biodiversity conservation) are linked to SLM practices. For example, the WB/GEF *SILEM* project in Burkina Faso (WB, 1178) and the UNEP/GEF *PALM* regional project in Central Asia (UNEP, 2377) both used micro-project financing as a means of transforming landscapes through SLM by smallholder land users. In the PRC-GEF partnership projects, synergies are being fostered through institutional development at provincial level, capacity building for local communities, and support for innovations in the production landscapes. For example, in the Qinghai and Gansu demonstration sites, biogas technologies are being used to improve access to renewable energy, which reduces the need for harvesting fuel wood from the fragile watersheds. At the same time PES opportunities are being explored as incentives for both carbon sequestration and hydrological flows. These synergies represent a win-win for climate change mitigation and SLM, and therefore need to be tracked closely in projects under implementation. Integrated approaches, such as IEM and now the

Catalyzing an integrated approach to water resource management and pollution control in the Hai Basin and Bohia Sea, China (WB. 1323). The river basin includes key urban, industrial and agricultural areas across 318,000 square kilometers of China's heart land that are reliant on the waters of the Hai river. The river Hai discharges into the Bohai Sea, which adjoins the Yellow Sea whose coastal and marine resources are of vital national and global importance. The *Hai River Basin Integrated Water Resources Management Project*, which has recently closed, brought together multiple stakeholders to develop and adopt integrated water and environment planning and management practices across the Hai Basin. Regional cooperation was supported by a inter agency committee including 16 demonstration counties. Data sharing agreements were established at all administrative levels, from County to Ministerial level. Ground water over draft for irrigation and pollution loading to the Bohai Sea were both reduced to levels exceeding project targets.

ecosystem goods and services approach as well as MFAs, are an important means of achieving synergies that not only enable a better platform for capturing beneficial multiple impacts, but also encourage co-benefits for the global environment and for local human development.

International Waters

95. The international waters (IW) focal area has a corporate objective of catalyzing collective country commitments to action on transboundary water systems and subsequent regional and national implementation of the full range of policy, legal, and institutional reforms and on-the-ground investments needed to address the transboundary concerns identified by the countries. Portfolio management is a critical tool in the IW focal area that starts with the programming of projects according to progressive commitments made by countries to collective action, monitoring project performance through the PIR/AMR process. For this year's AMR process, the IW team focused on one of its corporate learning objectives, to understand enhanced catalytic effects of the IW projects results on the regional cooperation and management frameworks of transboundary water systems through analyzing key activities and milestones.

96. To examine this question further, pilot investments in agricultural pollution reduction under the Black Sea/Danube GEF/World Bank Investment Fund, one of the first GEF programmatic approaches, were reviewed through a learning mission to projects in Romania (WB, 1159 and WB, 2970) and Turkey (WB, 1074). In Romania, the pilot investment played a catalytic role in the country obtaining a World Bank loan up-scaling the piloted technologies and expanding activities nationwide. In Turkey, the initial pilot investment is still ongoing, but already there is proof of strong buy-in of the pollution reduction practices from farmer to ministerial level that improve health and economy in the communities while benefiting the farmers. The GEF/World Bank investments are seen as instrumental and highly catalytic by the countries. They not only reduced downstream nutrient pollution to avoid "Dead Zones", but also had catalytic effects in addressing health issues in polluted groundwater and in accelerating country compliance with the EU Water framework Directive and the EU Nitrate Directive, even in a country not yet on the accession path.

97. Another learning objective of the IW focal area is “to study experiences and IW knowledge products and incorporate these into IWLEARN for portfolio dissemination.” In line with this objective, the sixth International Waters Conference (IWC) was held in October of 2011 in Dubrovnik, Croatia. Biennial IWCs are a signature learning event for country officials, partners, and GEF agencies for the GEF IW focal area. The general objective of the IWCs is to facilitate cross-sectoral and portfolio-wide learning and experience sharing. IWCs, therefore, serve as active training and experience-sharing events designed to build a “community of practice” among similar types of IW projects. Such face-to-face meetings are critical elements of the GEF IW KM strategy in fostering South-to-South learning. Participants review progress achieved in their projects, discuss challenges with similar projects, and provide feedback to GEF and GEF agencies on burning issues of importance to the projects.

98. The Sixth IWC, coinciding with the 20th anniversary of GEF, included celebrations of the accomplishments reached over the first two decades of GEF IW. To this date, this IWC had the most turnout with 330 participants. The results from participant evaluations show that the Sixth IWC received the highest overall success rating (4.41 out of 5.0). Participants found it directly applicable to their work functions (4.14 out of 5.0) and stated that it allowed sufficient time for networking (4.17 out of 5.0). They felt it enhanced their understanding of the results of the GEF IW portfolio after 20 years, as well as provided an overview of private sector engagement (4.07 out of 5.0). These results mark a major improvement over previous IWCs, all of which had an average approval rating of nearly one full point less. More information about the IWC6 conference evaluation can be found on the IW:LEARN website – www.iwlearn.net.

Regional Cooperation in Knowledge Management, Policy, and Institutional Support to the Coral Triangle Initiative (CTI KM Project) (ADB/UNDP, 3639). The CTI KM Project aims to strengthen the management of coastal and marine ecosystems in the Coral Triangle through strengthening regional cooperation, information exchange and decision-making capacities based on global best practices. After 15 months of implementation the project has made considerable contributions to a suite of knowledge processes (Network portal <http://www.coraltriangleinitiative.net/>).

The results to date have generated significant interest among the six participating Coral Triangle countries, who have been fully engaged and this has helped leverage additional financial and in-kind support from other development partners. This includes: (i) collaboration with the Government of Australia and the World Fish Center to conduct a Coral Exports Study in the Solomon Islands; (ii) collaboration with the US CTI Program in the joint preparation of a "State of the Coral Triangle Report", and (iii) collaboration between various partners to organize a "High-level Roundtable Meeting on Sustainably Financing the Coral Triangle (to be held in May 2012).

Persistent Organic Pollutants

99. Through its analysis of projects at completion and mid-term the POPs focal area identified key areas of lessons learned. They are as follows:

100. **Technology transfer and disposal cost:** Improving the available national technological capabilities for treatment of low concentration waste is more sustainable than subsidizing the disposal costs of the wastes since it reduces the prices for the proper disposal of POPs. For example, in the completed UNIDO/Romania PCB project (UNIDO, 2715), a PCB disposal technology was introduced to the private sector for local preprocessing and disposal of PCB waste. An incinerator was upgraded with oxygen injection to the secondary chamber and a sodium based dechlorination technology was built to dechlorinate PCB-containing oil and introduce PCB decomposition by bacteria. As a result, unit disposal cost was reduced to 1.2 USD per kg less than 1/3 of average price which greatly boosted the disposal amount.

POPs Stockpiles Management and Destruction Project in Moldova (World Bank, 2508)

With a GEF investment of 6.35 million USD complemented by co-financing of 6.25 million USD, this project was successful in improving the country's POPs stockpiles management system and destroying a significant amount of POPs. The project installed a viable management system by supporting POPs residual areas identification and mapping exercise. The exercise began with development of a POPs pollution study and risk assessment methodology which was later applied in the identification and mapping process. The management system designed is supported by a modular POPs Pollution Database. The system has allowed for 1,604 hot spots including 1,588 old or abandoned warehouses and pesticide mixing/preparation sites and 16 PCB contaminated sites to be identified and organized into the POPs Pollution Database using GIS technology. This tool can be used by the central and local authorities in monitoring and supervising POPs polluted sites, as well as for identification and classification of environmental and health risks in these areas.

In terms of Global Environmental Benefits, the project successfully achieved the removal and export for environmentally sound destruction of 1,293 tons of POPs containing and contaminated obsolete pesticides, surpassing the projected destruction target of 1,150 tons; as well as the removal and export for environmentally sound destruction of 937.5 tons of PCB containing capacitors, followed by site remediation and the planting of trees; and, established the elements for a modern regulatory system for the management and control of POPs and other toxic and harmful chemicals and waste.

The Republic of Moldova was able to achieve significant results in this field which resulted in the winning two awards: the POPs Star Award for the implementation of the Convention and the Award for the elimination of PCBs (2011 PCB Elimination Network (PEN) Award).

101. In situations where inventory data are scarce and clean-up operations inherently involve uncertainty, it helps to minimize the cost by maintaining a robust set of alternatives/remediation options. For instance, WB/Moldova project (WB, 2508) benefited from a cofferdam technology being piloted simultaneously at implementation for the temporary storage of 3,075 tons of PCB-contaminated soil, 60 times larger than target amount.

102. Legislation Enactment. All completed project reported delays for the legislation enactment component due to various reasons, especially in countries where the project deals with new areas

currently not covered by existing regulation. To mitigate the risk, whenever feasible, regulatory reform should start early to avoid slow regulatory reform or any other political events or changes. In addition, all stakeholder involved should fully comprehend the task to delay caused by miscommunication.

103. **Project Design.** It should be realized that although in procurement one large contract attracts most bidders and has potential cost savings, it should be weighed against delays that may be incurred because of complex terms of references (TORs) that involve multiple disposal responsibilities. The linkages between project components should be considered and whether the

failure of one will jeopardize others should be assessed and countermeasures should be raised to mitigate the risk.

V. Small Grants Program: Progress from GEF-4

104. The GEF Small Grants Programme (SGP), implemented by UNDP, has undertaken an extensive review of its Fourth Operational Phase (OP4, 2007-2010). For the AMR Part II, the financial breakdown of the program is summarized below. The full detailed report can be accessed on the GEF's website (<http://www.thegef.org/gef/RBM>).

105. In the future, UNDP and the SGP have agreed to work with the Secretariat to include appropriate quantitative information on a yearly basis through the AMR Part I as well as targeted learning input for the AMR Part II starting with the FY 2012 process.

106. The OP4 report covers all funded activities from July 2007-December 2011. The total number of projects funded during OP4 includes 4103 projects, OP4 grant funding disbursed to date includes about \$62m (54.4%) from Core funds which has leveraged about \$71m in cash and in-kind co-financing, and \$52m (45.6%) from the Resource Allocation Framework (RAF) funds approved by countries for GEF SGP which has leveraged \$66m in cash and in-kind co-financing as noted below. The ratio of GEF funding to co-financing for Core grant funds is 1: 1.15 and for RAF grant funds is 1: 1.27.

Table 8: Sources of Funding

Funds	Number of Projects	Grant Amount (mil USD)	Total Co-financing (mil USD)
GEF Core Funds	2320	\$62 M	71 M
GEF RAF Funds	1783	52 M	66 M
Total	4103	114 M	137 M

107. The table below provides an overview of the relative distribution of OP4 funds across the GEF focal areas. Even though the percentages shifted over the years, biodiversity focal area still has the largest share of the portfolio with 47% (previously 60%), followed by climate change with 23% of the overall SGP portfolio for OP4.

Table 9: Distribution of OP4 funds

Focal Areas (Amount in millions USD)	Number of Projects	Grant Amount	Co-financing in Cash	Co-financing in Kind
Biodiversity	2193	52 M	34 M	32 M
Climate Change	1092	28 M	20 M	14 M
International Waters	183	4 M	2 M	2 M
Multifocal Area	272	7 M	3 M	4 M
Persistent Organic Pollutants	120	3 M	1 M	1 M
Land Degradation	825	16 M	8 M	10 M

VI. Progress on RBM GEF-5 Work Plan

108. Significant progress has been made on the GEF-5 Results Based Management (RBM) work plan, which was approved by Council in November 2011. The reform of the AMR process is complete with the presentation of the current report to Council. The process will continue to be refined and improved. The major elements however are now in place to provide a more responsive, robust reporting system.

109. Progress in other areas include:

(a) *Mapping Portal*: Upon the successful completion of an interactive web-based map presented to November 2011 Council, the Secretariat has moved forward to enhance the map's utility, upgrade its data accessibility, and improve its presentation. The next phase will be conducted in collaboration with STAP and Agency task forces to develop a more complex *mapping for results* platform. The goal is to have map that includes a select set of outcome indicators in place by June 2013.

(b) *Quality at Entry*: The GEF Evaluation Office (EO) has conducted in-depth studies of quality at entry on specific performance-related themes within the framework of its Annual Performance Reports (APR) in 2005 and 2008. As part of the APR 2011, an assessment was carried out, which partly repeats the methodology used in previous studies, but also broadens the scope of analysis to results based management issues as well as introducing minimum requirement checks from other GEF guidance policies. In a meeting on November 15th, 2011 the Secretariat's Results Based Management team and the Evaluation Office's Performance team took a joint decision to collaborate on conducting their respective assessments, with the view of institutionalizing such processes for future quality at entry studies to be carried out in the GEF. At this time, collaboration between the two teams can be viewed as a capacity building exercise that will lead to overall strengthening of the monitoring function at the Secretariat. For its pilot quality at entry exercise the RBM team used the assessment instrument developed by the EO to analyze 59 Medium-Sized Projects (MSPs) approved by the GEF CEO in FY2011. The EO assessed 137 Full-Sized Projects (FSPs) endorsed by CEO in FY2011. The main rationale for such division of function between the teams is that the review of MSPs by RBM is a good starting point to introduce the quality at entry process within the Secretariat's monitoring activities. The findings of the FSP assessment are presented in the APR 2011 and the findings from the MSP review will be presented through the AMR 2012: Part I.

(c) *Targeted Learning*: A refinement of the overarching existing focal area learning objectives has been undertaken including the development of guiding questions (applied to the desk analysis of mid-term and closed projects for the AMR 2011: Part II); and a work plan for each focal area on how a combination of desk studies, in-depth analysis, and learning missions will be undertaken for GEF-5 is in place. Several learning missions have been or will be undertaken in FY 2012-13. Each mission will produce a report and the entire process, lessons learned from the missions, etc will be reported on through the AMR 2012: Part II.

(d) *Knowledge Management*: As a first step, the Secretariat undertook a needs assessment; the purpose of the study was to provide the Secretariat and the GEF network with information about the knowledge and learning needs of the GEF stakeholders and compare GEF KM practices with ones currently in use among comparable organizations.

The study allowed the Secretariat to validate and better refine the topics on which the GEF KM strategy focused as well as the type of knowledge products to be developed. Based on the needs assessment, the Secretariat has developed a work plan for the rest of GEF-5. The plan is included in the Business Plan presented at the current Council meeting (June 2012)

Annex I: Projects Reviewed for FY2011 AMR Part II

Projects reviewed at Midterm

Agency	GEF ID	Focal Area	Region	Country	Project Title
IADB	963	IW	LAC	Regional (Belize, Guatemala, Honduras)	Environmental Protection and Maritime Transport Pollution Control in the Gulf of Honduras GTR/FM-9179-RS (RS-X1009)
IADB	2686	BD	LAC	Regional (El Salvador, Guatemala, Honduras)	Integrated Management of the Montecristo Trinational Protected Area GTR/FM-9945-RS (RS-X1016)
IFAD	1152	BD	AFR	Mali	Biodiversity Conservation and Participatory Sustainable Management of Natural Resources in the Inner Niger Delta and its Transition Area, Mopti Region
UNDP	1026	BD	ECA	Turkey	Enhancing Coverage and management effectiveness of the subsystem of forest protected areas in
UNDP	1104	BD	AFR	Rwanda	Strengthening Biodiversity Conservation Capacity in the Forest Protected Area System of Rwanda
UNDP	1175	BD	AFR	Uganda	Uganda: Conservation of biodiversity in the Albertine Rift Forest Protected Areas
UNDP	1201	BD	EAP	Malaysia	Conserving Marine Biodiversity through Enhanced Marine Park Management and Inclusive Sustainable Island Development
UNDP	1322	BD	EAP	Iran	Conservation of Biodiversity in the Central Zagros Landscape Conservation Zone
UNDP	2120	BD	LAC	Venezuela	Biodiversity Conservation in the Productive Landscape of the Venezuelan Andes
UNDP	2371	BD	LAC	Regional	Biodiversity Conservation in Coffee: transforming productive practices in the coffee sector by increasing market demand for certified sustainable coffee
UNDP	2589	BD	Global	Global	Global: Institutionalizing Payments for Ecosystem Services
UNDP	2615	BD	AFR	South Africa	National Grasslands Biodiversity Programme
UNDP	2723	BD	ECA	Bosnia Herzegovina	Bosnia Herzegovina: Biodiversity conservation in Livanjsko Polje
UNDP	2761	BD	AFR	Kenya	Improved Conservation and Governance for Kenya Coastal Forest Protected Area System
UNDP	3067	BD	MNA	Yemen	Strengthening Socotra's Policy and Regulatory Framework for Mainstreaming Biodiversity
UNDP	3192	BD	ECA	Kyrgyzstan	Sustainable Management of Endemic Ichthyofauna of the Issyk-Kul Lake Basin
UNDP	3209	BD	LAC	Regional	Central American Markets for Biodiversity (CAMBio): Mainstreaming biodiversity conservation and sustainable use within micro-, small, and medium-sized enterprise development and financing
UNDP	3556	BD	ECA	Uzbekistan	Strengthening Sustainability of the National Protected Area System by Focusing on Strictly Protected Areas
UNDP	3557	BD	LAC	Georgia	Catalyzing Financial Sustainability of Georgia's Protected Area System
WB	1214	BD	MNA	Jordan	Integrated Ecosystem and Natural Resource Management in the Jordan Rift Valley
WB	2099	BD	LAC	Regional	Corazon Transboundary Biosphere Reserve

WB	2102	BD	LAC	Panama	PA GEF Rural Productivity
WB	2372	BD	ECA	Bosnia-Herzegovina	Forest and Mountain Protected Areas Project
WB	2764	BD	LAC	Brazil	BR GEF National Biodiversity Mainstreaming
WB	2911	BD	ARF	Regional	West African Regional Biosafety Program
WB	2949	BD	Global	Global	Critical Ecosystems Partnership Fund (CEPF), Phase 2
WB	3044	BD	AFR	Regional	Open Africa North South Tourism Corridor (OANSTC)
WB	3284	BD	AFR	Liberia	LR-Establishment of Protected Areas (FY08)
UNDP	975	C	LAC	Regional	Accelerating Renewable Energy Investments through CABEL in Central America
UNDP	1135	C	LAC	Ecuador	Renewable Energy for Electricity Generation—Renewable Electrification of the Galapagos Islands
UNDP	1899	C	LAC	Regional	Regional Programme on Electrical Energy Efficiency in Industrial and Commercial Service Sectors in Central America
UNDP	2257	C	Asia	China	Demonstration of Fuel Cell Bus Commercialization in China, Phase 2
UNDP	2499	C	LAC	Guatemala	Productive Uses of Renewable Energy in Guatemala
UNDP	2500	C	Asia	India	Energy Conservation in Small Sector Tea Processing Units in South India.
UNDP	2699	C	Asia	Regional	Pacific Islands Greenhouse Gas Abatement through Renewable Energy Project (PIGGAREP)
UNDP	3256	C	ECA	Montenegro	Power Sector Policy Reform to Promote Small Hydropower Development in the Republic of Montenegro
WB	1894	C	AFR	South Africa	Renewable Energy Market Transformation (REMT)
WB	1900	C	LAC	Mexico	Large Scale Renewable Energy Development Project
WB	2609	C	Asia	China	GEF-World Bank-China Urban Transport Partnership Program (CUTPP)
WB	2611	C	LAC	Mexico	Integrated Energy Services for Small Localities of Rural Mexico
WB	2886	C	AFR	Ghana	Energy Development and Access Project (formerly) Development of Renewable Energy and Energy Efficiency
WB	2903	C	AFR	Tanzania	Tanzania Energy Development and Access Project (TEDAP)
WB	2944	C	Asia	Regional	Sustainable Energy Financing
WB	3878	C	ECA	Armenia	GEOFUND APL2 – ARMENIA GEOTHERMAL PROJECT
WB	1082	IW	Regional	Regional	3A-GEF SWIO Fisheries SIL (FY07)
WB	1270	IW	EAP	Indonesia	ID-GEF MARINE ELECTRONIC HWY
WB	2098	IW	Regional	Regional	3A-GEF WIO Marine Highway Dev SIL (FY07)
WB	2133	IW	ECA	South Eastern E	LAKE SKHODER INTGD ECOSYST MGMT GEF
WB	2143	IW	ECA	Bosnia and Herz	QUALITY PROTECT (GEF)
WB	2759	IW	EAP	Philippines	PH-GEF-IF-MANILA SEWERAGE 3
WB	2970	IW	ECA	Romania	INT. NUTRIENT POLLUTION CONTROL (GEF)
WB	2972	IW	EAP	China	CN-GEF-IF-LIAONING
WB	3271	IW	Regional	Regional	3A-Strategic PT for Fisheries GEF (FISH)

IFAD	3363	LD	AFR	Comoros	Integrated Ecological Planning and Sustainable Land Management in Coastal Ecosystems in the Comoros (in the three islands of Grand Comore, Anjouan and Moheli)
IFAD	3567	LD	AFR	Burkina Faso	Sustainable Land Management in the Watersheds of the North Central Plateau
IFAD	1848	LD	AFR	Kenya	Mount Kenya East Pilot Project for Natural Resources
UNEP	2377	LD	Regional	Regional (Tajikistan, Kyrgyzstan)	Sustainable Land Management in the High Pamir and Pamir-Alai Mountains - an integrated and transboundary initiative in Central Asia (PALM)
WB	2794	LD	AFR	Ethiopia	ET- Sustainable Land Management (SIP)
WB	2975	LD	EAP	Philippines	PH-GEF-Mindanao Rural Dev Program Phase II
WB	3375	LD	AFR	Malawi	MW-Agriculture Development GEF (SIP)
WB	3382	LD	AFR	Niger	NE Community Action Program (SIP)
WB	1476	LD	LAC	Brazil	BR GEF Caatinga Conservation and Sustainable Management
UNDP	3563	POPs	AFR	Uruguay	PCB
UNDP	3664	POPs	Asia	China	DDT in anti-fouling paint
UNIDO	2927	POPs	Asia	China	ESM of Medical Waste
UNIDO	3263	POPs	Asia	China	SIREN Project
UNIDO	3571	POPs	ECA	Armenia	Technical assistance for ESM of PCBs and other POPs waste
UNDP	2614	SPA	AFR	Regional (Senegal, Gambia, Guinea-Bissau, Mauritania, Cape Verde)	Adaptation to CC responding to shoreline change and its human dimensions in West Africa through integrated coastal area management (ACCC)
UNDP	3417	SPA	ECA	Armenia	Adaptation to CC impacts in Mountain forest ecosystems of Armenia
UNDP	3345	POPs	LAC	Nicaragua	Improved Management and Release Containment of POPs Pesticides in Nicaragua

Projects reviewed at completion

Agency	GEF ID	Focal Area	Region	Country	Project Title
IADB/WB	1092	BD	LAC	Central America	6C GEF Integrated Mgt. Indigenous Communities
UNDP	668	BD	SA	Bangladesh	Bangladesh: Coastal and wetland biodiversity management
UNDP	763	BD	LAC	Ecuador	Galapagos archipelago
UNDP	834	BD	LAC	Brazil	Brazil: Promoting biodiversity conservation and sustainable use in the frontier forest Mato-Grosso
UNDP	838	BD	ECA	Kazakhstan	Kazakhstan Wetlands Project: Integrated Conservation of Priority Globally Significant Migratory Bird Wetland Habitat
UNDP	1183	BD	EAP	Cambodia	Integrated Resource Management and Development in the Tonle Sap Region
UNDP	1200	BD	ECA	Lithuania	Conservation of Inland Wetland Biodiversity in Lithuania.
UNDP	1207	BD	LAC	Chile	Regional System of Protected Areas for Sustainable Conservation and Use of Valdivian Temperate Rainforest

UNDP	1257	BD	SA	Pakistan	Mainstreaming Biodiversity Conservation in production systems in the Juniper Forest Ecosystem
UNDP	1343	BD	LAC	Brazil	Brazil: Demonstrations of integrated ecosystem and watershed management in the Caatinga
UNDP	1681	BD	ECA	Slovakia	Conservation, Restoration and Wise Use of Rich Fens in the Slovak Republic
UNDP	1713	BD	LAC	Costa Rica	Improved Management and Conservation practices for the Coco Island Marine Conservation Area
UNDP	1725	BD	LAC	Chile	Biodiversity Conservation in Altos de Cantillana, Chile
UNDP	1732	BD	LAC	Argentina	In-situ Conservation of Andean Crops and Their Wild Relatives in the Humahuaca Valley, the Southernmost Extension of the Central Andes (An Ancient Center of Crop Origin and Domestication)
UNDP	2057	BD	ECA	Belarus	Renaturalization and sustainable management of peatlands in Belarus to combat land degradation, ensure conservation of Globally valuable biodiversity, and mitigate climate change
UNDP	2491	BD	AFR	Botswana	Building Local Capacity for Conservation and Sustainable Use of Biodiversity in the Okavango Delta
UNDP	2638	BD	ECA	Turkmenistan	Conservation and Sustainable use of Globally significant biological diversity in Khazar Nature Reserve on the Caspian Sea Coast.
UNDP	3292	BD	ECA	The former Yugoslav Republic of Macedonia	Strengthening the ecological, institutional and financial sustainability of Macedonia's national protected areas system
UNDP	636	C	Asia	Lebanon	Barrier Removal for Cross Sectoral Energy Efficiency
UNDP	783	C	ECA	Kazakhstan	Wind Power Market Development Initiative
UNDP	840	C	LAC	Regional	Caribbean Renewable Energy Development Programme
UNDP	882	C	ECA	Croatia	Removing Barriers to Improving Energy Efficiency of the Residential and Service Sectors
UNDP	966	C	Asia	China	End Use Energy Efficiency Project
UNDP	1103	C	Asia	Philippines	Efficient Lighting Market Transformation Project
UNDP	1106	C	Asia	Vietnam	Energy Efficiency Public Lighting (VEEPL) Project
UNDP	1132	C	LAC	Costa Rica	National Off-grid Electrification Programme Based on Renewable Energy Sources, Phase I
UNDP	1162	C	ECA	Russian Federation	Removing Barriers to Coal Mine Methane Recovery and Utilization
UNDP	1264	C	Asia	Philippines	Capacity Building to Remove Barriers to Renewable Energy Development
UNDP	1336	C	Asia	Vietnam	Promoting Energy Conservation in Small and Medium Scale Enterprises (PECSME)
UNDP	2244	C	ECA	Bulgaria	Building the Local Capacity for Promoting Energy Efficiency in Private and Public Buildings
UNDP	2249	C	ECA	Ukraine	Removing Barriers to Greenhouse Gas Emissions Mitigation through Energy Efficiency in the District Heating System, Phase 2
UNDP	2256	C	AFR	Namibia	Barrier Removal to Namibian Renewable Energy Programme (NAMREP), Phase II
UNDP	2433	C	Asia	Indonesia	Integrated Microhydro Development and Application Program (IMIDAP), Part I

UNDP	2870	C	AFR	Kenya	Market Transformation for Efficient Biomass Stoves for Institutions and Small and Medium-Scale Enterprises
UNDP	4215	C	Asia	India	Low Carbon Campaign for Commonwealth Games 2010 Delhi
UNDP	842	IW	AFR	Angola, Botswana, Namibia	Okavango River Basin
UNDP	2544	IW	ECA	Belarus, Ukraine,	Implementation of The Dnipro Basin Strategic Action Program for the reduction of persistent toxics pollution
UNDP	2617	IW	ECA	Hungary, Romania, Serbia, Slovak Republic, Ukraine	Establishment of Mechanisms for Integrated Land and Water Management in the Tisza River Basin
UNDP	2746	IW	ECA	Albania, Azerbaijan, Bosnia and Herzegovina, Croatia, Georgia, Iran, Kazakhstan, Montenegro, Moldova, Russia, Serbia, Slovakia, Turkey, Turkmenistan, Ukraine	Promoting Replication of Good Practices for Nutrient Reduction and Joint Collaboration in Central and Eastern Europe
UNDP	3321	IW	GLOBAL	Burundi, Democratic Republic of the Congo, Egypt, Ethiopia, Kenya, Rwanda, Sudan, Uganda, Tanzania	Mainstreaming Groundwater Considerations into the Integrated Management of the Nile River Basin
UNDP	2193	LD	GLOBAL	Global	Enabling Sustainable Dryland Management through Mobile Pastoral Custodianship (World Initiative for Sustainable Pastoralism – WISP)
UNDP	2402	LD	AFR	Ghana	Sustainable Land Management for Mitigating Land Degradation, Enhancing Agricultural Biodiversity and Reducing Poverty (SLaM)
UNDP	2739	LD	CEX	Latvia	Building Sustainable Capacity and Ownership to Implement UNCCD Objectives in Latvia
UNDP	2862	LD	ECA	Turkmenistan	CACILM CPP: Capacity Building and On-the-Ground Investments for Sustainable Land Management
UNDP	2863	LD	GLOBAL	Global	GLOBAL: Knowledge from the Land: Building a Community of Practice for the Land Degradation Focal Area (KM:Land)
UNDP	3262	LD	SA	Bhutan	LDC/SIDS Portfolio Project: Building Capacity and Mainstreaming Sustainable Land Management in Bhutan
UNDP	3394	LD	SA	Cambodia	LDC/SIDS Portfolio Project: Capacity Building in and Mainstreaming of Sustainable Land Management in Cambodia
UNDP	3660	LD	GLOBAL	Global	Enabling Sustainable Dryland Management Through Mobile Pastoral Custodianship: World Initiative on Sustainable Pastoralism
UNDP	2557	SPA	Global	Global	Adaptation Learning Mechanism
UNDP/ UNEP	1188	IW	AFR	Angola, Benin, Cameroon, Congo, Democratic Republic of the Congo, Côte d'Ivoire, Gabon, Ghana, Equatorial Guinea, Guinea, Guinea-Bissau, Liberia, Nigeria, Sao Tome and	Combating Coastal Area Degradation and Living Resources Depletion in the Guinea Current LME through Regional Actions

				Principe, Sierra Leone and Togo	
UNDP/WB	1093	IW	AFR	Benin, Burkina Faso, Cameroon, Chad, Cote D'Ivoire, Guinea, Mail, Niger, Nigeria	Reversing land and water degradation trends in the Niger Basin
UNEP	1258	BD	GLOBAL	Regional (Estonia, Hungary, Lithuania, Mauritania, Niger, Nigeria, Senegal, Gambia, South Africa, Tanzania, Yemen, Turkey)	Enhancing Conservation of the Critical Network of Sites of Wetlands Required by Migratory Waterbirds on the African/Eurasian Flyways.
UNEP	1259	BD	GLOBAL	Regional (Armenia, Bolivia, Madagascar, Sri Lanka, Uzbekistan)	In-situ Conservation of Crop Wild Relatives through Enhanced Information Management and Field Application
UNEP	2092	BD	GLOBAL	GLOBAL (Cameroon, Tanzania, Fiji, India)	Coastal Resilience to Climate Change: Developing a Generalizable Method for Assessing Vulnerability and Adaptation of Mangroves and Associated Ecosystems
UNEP	1164	IW	ECA	Russian Federation	Support to the National Programme of Action for the Protection of the Arctic Marine Environment, Tranche 1
UNEP	1248	IW	LAC	Regional (Colombia, Costa Rica, Nicaragua)	Reducing Pesticide Runoff to the Caribbean Sea
UNEP	3188	IW	EAP	Indonesia	Demonstration of Community-based Management of Seagrass Habitats in Trikora Beach, East Bintan, Riau Archipelago Province, Indonesia
UNEP	1329	LD	GLOBAL	Argentina, China, Cuba, Senegal, South Africa, Tunisia	Land Degradation Assessment in Drylands (LADA)
UNEP	1022	LD	AFR	Regional (Niger, Nigeria)	Integrated Ecosystem Management of Transboundary Areas between Niger and Nigeria
UNIDO	1520	POPs	SA	India	NIP development
UNIDO	2715	POPs	ECA	Romania	Capacity Building for environmentally sound management of PCBs
UNIDO	2926	POPs	SA	Vietnam	BAT/BEP introduction in Vietnam
WB	939	BD	EAP	China	CN-GEF-Sustain. Forestry Dev
WB	1089	BD	EAP	Philippines	Asian Conservation Company - I
WB	1101	BD	LAC	Peru	PE GEF PARTICIPATORY MGMT PROT AREAS
WB	1167	BD	AFR	South Africa	ZA-GEF CAPE Action Plan (FY04)
WB	1475	BD	AFR	Liberia	Establishing the Basis for Biodiversity Conservation on Sapo National Park and in South-East Liberia
WB	1516	BD	AFR	South Africa	C.A.P.E. Biodiversity Conservation and Sustainable Development Project
WB	1642	BD	LAC	Brazil	BR BONITO/RIO MIMOSA WTRSHD
WB	1872	BD	ECA	Tajikistan	COMMTY AGRIC & WATERSHED MGMT (GEF)

WB	2152	BD	ECA	Albania	BUTRINT GLBL BIODIV & HRTG (GEF MSP)
WB	2443	BD	LAC	Mexico	MX GEF Environmental Services Project
WB	3691	BD	GLOBAL	Asia	Tiger Futures
WB	7	C	Asia	China	Second Beijing Environment Project
WB	1685	C	CEX	Global	Fuel Cells Financing Initiative for Distributed Generation Applications (Phase 1)
WB	1323	IW	EAP	China	CN - GEF-Hai Basin Integr. Wat. Env.Man.
WB	1542	IW	ECA	Moldova	ENV INFRASTRUCTURE (GEF)
WB	2141	IW	ECA	Serbia	DANUBE ENTS POLLUT REDUC (GEF) (SERBIA)
WB	2356	LD	LAC	Brazil	BR GEF - Sao Paulo Riparian Forests
WB	2357	LD	AFR	Burundi	BI - GEF Agricultural Rehabilitation & Support
WB	2508	POPs	ECA	Moldova	POPS pesticides
WB	972	LD	AFR	Rwanda	RW-GEF Integrated Management of Critical Ecosystems
WB	1178	LD	AFR	Burkina Faso	BF-GEF Sahel Lowland Integrated Ecosystem Management (SILEM)
WB	1590	LD	AFR	Namibia	NA-GEF Integrated Community-based Ecosystem Management
UNDP	3427	LD	SA	Cambodia	LDC/SIDS Portfolio Project: Capacity Building in and Mainstreaming of Sustainable Land Management in Cambodia
UNDP	3176	LB	EAP	Timor Leste	LDC/SIDS Portfolio Project: Capacity Building in and Mainstreaming of Sustainable Land Management in East Timor

Annex II: Focal Area Learning Objectives and Learning Questions

The following annex provides the learning objectives and 2011 guiding questions for each focal area.

Biodiversity targeted learning

Learning Objective	Guiding questions
LO1: Enhancing Impact and Results through Improved Understanding of Protected Area Management Effectiveness.	<p>1. Sustainable Protected Area Systems</p> <p>a) Detail the financial mechanisms for protected areas (such as user fees, tourist taxes, payments for environmental services, trust funds, debt-for-nature swaps, etc) which have been created, or existing mechanisms strengthened and provide an assessment of the relative weight and investment per mechanism. We aim to assess per region and globally what kinds of mechanisms we are supporting and to what degree.</p> <p>b) Within the context of each financial mechanism we will assess: i) what have been the shortcomings of each approach; ii) what approaches appear to be the easiest to operationalize, iii) what approaches appear to be the most difficult to operationalize; and iv) what enabling conditions correlate most directly with successful implementation of financial mechanisms for PA systems and sub-systems?</p> <p>c) How are project teams identifying the funding gap for national PA systems, sub-systems and sites (hopefully through the financial sustainability scorecard) and how have they set a target for reducing the gap? We will assess progress in reducing the funding gap.</p> <p>d) For PA projects that are not focused on PA financing, per se, we will assess whether and how the project is contributing to one of the three pillars of PA system sustainability as defined in the strategy: a) adequate finance, b) ecosystem and species representation, and c) individual and institutional capacity.</p>
LO2: Enhancing Social Impacts through Improved Understanding of the Causal Relationships between Protected Area Management and Local Community Welfare.	
LO3: Enhancing Impacts through Improved Understanding of the Causal Relationships between Popular Mainstreaming Approaches and Conservation Outcomes.	<p>2. Biodiversity Mainstreaming</p> <p>a) List the production sectors in which the project has contributed to the development of policies and regulations so as to include measures to conserve biodiversity.</p> <p>b) Define the points of entry: a) policy making and legislation; b) spatial and sector planning; c) awareness/advocacy.</p> <p>c) Within each entry point, what are the factors responsible for implementation success that projects have identified in their PIR. Are there conditions that lend themselves to implementation success or failure for each entry point? If so, what are they?</p> <p>d) Are projects able to demonstrate much more than the output of a policy change? If this is the case, is there any indication of how the lead executing agency proposes to measure biodiversity outcomes and impact post-project?</p>

Climate Change Mitigation Targeted Learning

Learning objectives	Guiding questions
LO1: Enhance impact and results through improved understanding of market development for mitigation technologies	<ol style="list-style-type: none"> 1. What are the roles of the private sector in successful market development or transformation for mitigation technologies? 2. What are the successful business models that contribute to the continuity of market development and expansion after GEF pilots (e.g., efficient cook stoves or off-grid lighting distribution models)? 3. Which market development or transformation strategies have been effective or ineffective in addressing specific barriers and why?
LO2: Enhance socio-economic impact and results through improved understanding of synergies and/or tradeoffs of achieving multiple benefits.	<ol style="list-style-type: none"> 1. What institutional arrangements and project design factors contribute to higher socio-economic benefits along with carbon benefits (e.g., fuel savings, employment/income generation, energy access, and local pollutant reduction)? 2. How does the project promote synergies and minimize tradeoffs between energy access activities and land (forest)-based carbon benefit activities* (e.g., sustainable supply of biomass for efficient cook stoves or sustainable charcoal production projects)?
LO3: Enhance the reliability of GHG accounting through improved estimates and reporting of GHG benefits of climate change mitigation projects, including GHG emission reductions, avoided GHG emissions, and carbon stocks for forests or non-forest lands.	<ol style="list-style-type: none"> 1. What are the difficulties and challenges, if any, in using GEF GHG accounting manuals or tracking tools for estimating and reporting carbon benefits? Please offer suggestions to improve. 2. What approaches have been suggested or used in estimating carbon benefits for LULUCF projects and SFM/REDD+ projects (all SFM projects should have carbon benefits)? Please identify gaps and limitations in current approaches. 3. What conditions (e.g., monitoring efforts) have contributed to reliable estimates and reporting of carbon benefits, and what are the cost implications of creating these conditions?
* Land (forest) based carbon benefit activities include LULUCF, sustainable forest management, and REDD+ activities.	

International Waters Targeted Learning

Learning objectives	Guiding questions
LO1: To understand enhanced catalytic effects of the IW projects results on the regional cooperation and management frameworks on transboundary water systems through analyzing key activities and milestones.	<p>Question 1: Do the country level investments and the regionally agreed commitments lead to catalytic impacts, on its way to increase sustainable cooperation on transboundary water systems?</p> <ol style="list-style-type: none"> 1. What kind of catalytic impacts are taking place on the national/regional level, and how are these sustained? 2. When during the project's implementation are these different forms of catalytic impacts most likely to take place? why? 3. What kind of catalytic impacts have the highest likeliness of being sustained? why?

LO2: To identify good practices and essential activities and to understand how the IW focal area can achieve impacts regionally and on-the-ground actions through national implementation of regional cooperative frameworks.	<p>Question 2: Do the existing assessments methods and tools (e.g PIR and IW tracking tool) adequately capture the core elements in sustainable cooperation of transboundary water systems?</p> <ol style="list-style-type: none"> 1. How are catalytic impacts monitored and assessed in the PIR and IW TT? 2. How are results and information from the PIR and IW TT used by the projects and the countries? 3. Is there a need to further develop the IWLEARN knowledge sharing and management system within the IW portfolio?
LO3: To study experiences and IW knowledge products and incorporate these into IWLEARN for portfolio dissemination.	

Land Degradation Focal Area Targeted Learning

Learning objectives	Guiding questions
LO1: To develop a framework and tools for linking the measurement of agreed GEBs at project level to impacts across multiple scales	<ol style="list-style-type: none"> 1. What agreed GEBs of SLM are being measured by projects at different scales: local (site/farmscale), landscape/watershed, national, regional? 2. What tools are been used for monitoring and measurement of agreed GEBs? 3. How appropriate are the tools relative to others being developed by GEF funded projects and others? 4. How are the agreed GEBs being linked to project level impacts at the different scales?
LO2: To increase understanding of multiple benefits from sustainable land management	<ol style="list-style-type: none"> 1. What are the major tradeoffs associated with generating ecosystem services from SLM projects in different production systems? 2. How is synergy achieved in generating agreed GEBs from implementation of SLM projects at multiple scales? 3. How is the GEF catalytic effect manifested in SLM projects with respect to scaling-up and replication?

Chemicals Cluster Focal Area Targeted Learning

Learning objectives	Guiding questions
LO1: To understand the circumstances and situations under which co-financing can be improved and global environmental benefits be maximized	<ol style="list-style-type: none"> 1. Who are the co-financing partners and which component are they investing in? 2. What are the specific features that make a project or project activity appealing to them? 3. In cases where the PIF or prodoc has a low ratio but during implementation the ratios increased, what are the reasons for this?
LO2: To Understand how GEF projects contribute to mainstreaming sound chemicals management into national development plans, national policy and legislation/regulations and	<ol style="list-style-type: none"> 1. How have GEF projects assisted recipient countries in establishing/revising its national approach to SCM? 2. How has SCM been incorporated into national development plan? What are the international approaches and lessons learnt in non-GEF supported projects/programmes?

how this can be further strengthened to identify additional benefits including health impacts	3. How have GEF projects supported the development of national policy or plan vis-à-vis mainstreaming?
LO3: To learn what technologies and practices have been introduced or transferred to countries, and to explore their effectiveness and replicability in the portfolio and post project.	<ol style="list-style-type: none"> 1. Whether BAT/BEP for release reduction of UPOPs developed through GEF projects has been shared and how is it shared? 2. How is the UPOPs reduction amount calculated and what are the associated cost, technology applied, effectiveness of technology, and replicability? 3. Have the outputs on alternative products, methods, and strategies for substituting DDT usage in malaria control have been shared, and how so? 4. How have disposal projects considered the overall national chemicals management framework and local level capacity in selecting the disposal technologies in any given project?
LO4: Identify effective approaches and good practices in removing barriers that prevent successful and timely implementation of projects in order to access risks in project formulation.	<ol style="list-style-type: none"> 1. What are causes of barriers affecting implementation? 2. What are the approaches utilized to remove the barriers? Are they successful?
LO5: How have projects, agencies, countries and other stakeholders incorporated other environmental and development issues into POPs/Chemicals projects.	<ol style="list-style-type: none"> 1. How to achieve synergy within the chemicals clusters, eg. POPs and ODS? 2. How climate change mitigation/ adaptation can be designed into GEF projects by tapping into the climate benefits of HCFC phase-out while designing HPMP stage 2? 3. How to build synergy strategy with NR teams such as IW on endocrine disruptor and marine debris? 4. How are GEF POPs/Chemicals projects addressing the responsibility/liability gap for chemical releases and waste handling between governments and private sector primary importers/users of chemicals?

Annex III: Summary of Capacity Development Projects and Achievements on Biosafety Second National Reports

Cross-Cutting Capacity Development

Through April 2012, a total of 23 Cross-Cutting Capacity Development (CCCD) medium-size projects (MSPs) have been approved, with a total of \$11 million in GEF support and \$ 11.8 million in co-financing. The projects are geographically diverse with nine projects in the Europe and the CIS; seven in Africa; four in Asia and the Pacific; and three in Latin America and the Caribbean.

UNDP is implementing the majority of the CCCD projects and in 2011 the Agency submitted 15 PIRs. 12 PIRs were rated “satisfactory” vis-à-vis the Development Objectives (DO), and three rated “marginally satisfactory”. Implementation Progress (IP) was rated “highly satisfactory” for one project, “satisfactory” in the case of eight projects, and “marginally satisfactory” for six projects. A large share of the portfolio under implementation is now reaching maturity, and a number of final evaluations will be carried out in 2012.

Cross-Cutting Capacity Development during the GEF-5 cycle refers to the targeted support provided to countries to strengthen their underlying capacities to meet Rio Convention objectives. GEF CCCD projects are strategically designed and implemented to create synergies among the full set of GEF and MEA interventions, creating economies of scale to institutionalize critical individual, organizational, and systemic (i.e., policy, legislative and awareness) capacities to catalyze action to protect the global environment. To this end, GEF CCCD projects are to focus on strengthening environmental governance systems through mechanisms and tools for improved collaboration, management information systems, decision-making, as well as mainstreaming global environmental issues into national development programmes.

The CCCD portfolio fall into the following categories:

Category name	Number of Projects
Policy and Program Formulation	3
Environmental Mainstreaming	8
Organizational and Individual Capacity Development	9
Finance and Economic Instruments	3

Summary of Achievements on Biosafety Second National Reports

UNEP has provided the following summary report:

The Biosafety Second National Reports project was approved in June 2011 and as of January 2012 the number of countries that have already completed and uploaded their Second National Reports (2NR) are as follows:

1. Sub-Saharan Africa: all 42 eligible parties have reported. Nil pending reports
2. North Africa, Asia, Central and Eastern Europe (CEE): Out of the 42 eligible parties 38 have reported thus far and four are pending - Turkmenistan, Pakistan, Georgia, Montenegro.
3. Latin America and the Caribbean (LAC) and the Pacific has a total of 39 countries eligible, 10 are pending: Bahamas, Belize, Nicaragua, Paraguay, Suriname, Barbados, Trinidad and Tobago, Marshall Islands, Nauru, Palau.

In total 108 parties have reported which is 89% of the 123 eligible parties. 14 reports are yet to be, and mainly due to unforeseen or internal circumstances in the countries. UNEP is continuously following up with the countries and have targeted June 30th 2012 as a review point to assess the situation.

UNEP has also provided additional support by reviewing the national reports on request of individual parties before upload to the Biosafety Clearing House in addition to direct technical support on Cartagena Protocol on Biosafety issues by the UNEP task team supported by its regional advisors. In doing so UNEP is responding to article 35 on Assessment and Review, in collaboration with the SCBD Coordination Mechanism on Capacity Building (Decision BS I/5) and the Ad hoc Technical Expert Group on Assessment and Review set up by the Parties at COP/MOP 5 (BS V/15 paras 1,3 and 4). Furthermore, UNEP, through consultation with parties has developed an operational toolkit for the Second National Biosafety Reporting. This is undergoing peer review among key stakeholders including the SCBD and will be finalized as part of the terminal processes for future national biosafety reporting interventions.

The SCBD has prepared a web-based national report analyzer for the biosafety reports, which gives a quick analysis of status of reporting either article by article, party level or by geographical location (see <http://bch.cbd.int/database/reports/>). The SCBD confirms that the progress made in the second national biosafety reporting is the highest ever in terms of percentage response in all its national communication obligations.