



Financing the Global Benefits of Forests

The Bank's GEF Portfolio and the 1991 Forest Strategy

A Review of the World Bank's 1991 Forest
Strategy and Its Implementation

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1818 H Street, N.W.
Washington, D.C. 20433, U.S.A.

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First edition October 2000

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Photo credits: Cover, Still Pictures (Jaguar, Pantanal, Brazil); page 19, www.fotofinder.net; page 42, Still Pictures.

ISBN 0-8213-4842-6

Library of Congress Cataloging-in-Publication Data

Campbell, J. Gabriel, 1946–

Financing the global benefits of forests : the Bank's GEF portfolio and the 1991 forest strategy / Gabriel Campbell, Alejandra Martin.

p. cm. — (Operations evaluation studies)

Includes bibliographical references.

ISBN 0-8213-4842-6

1. Forestry projects. 2. Forests and forestry—Economic aspects. 3. Forest policy. 4. Forest conservation. 5. Global Environment Facility. I. Martin, Alejandra, 1970– II. Title. III. World Bank operations evaluation study.

SD387.P74 C26 2000
333. 75'16—dc21

00-043861



Printed on recycled paper.



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Acknowledgments

This report was carried out as part of the OED Review of the World Bank's 1991 Forest Strategy and its Implementation. Preparation of the report would not have been possible without the support and valuable contributions of a number of individuals. The report benefited greatly from the intellectual advice and guidance provided by Uma Lele, Jarle Harstad, and the Advisory Committee to OED's Forest Strategy and Implementation Review: Conor Boyd, Angela Cropper, Hans Gregersen, and Emmy Hafild.

The team expresses its sincere thanks to the following for their time and contributions: Rainier Almazan, Louis Boorstin, Marjory-Anne Bromhead, Alejandro Camino, Eduardo Canales, Gonzalo Castro, Noel Rene Chabeuf, Manab Chakraborty, Nola Chow, Chona Cruz, Rod De Vletter, Madhur Gautam, Maisha Hyman, Syed Arif Husain, Malcolm A. B. Jansen, Lauren Kelly, Asmeen Khan, Robert Kirmse, Timothy Koomson, Nalini Kumar, Kanta Kumari, Andrey Kushlin, Kathy Mackinnon, Kathy Mikitin, Hemanta Mishra, Augusta Molnar, Jessica Mott, Ridley Nelson, B. Essama Nssah, Afolabi Ojumu, PAKISAMA National Office, Francisco Pamplona-Rangel, Jean-Michel G. Pavy, Mario Ramos, Carlos Rodriguez, Luiz Carlos Ros, Lorenzo Rosenzweig, Susan Shen, Karin

Shepardson, Andrea L. J. Silverman, Michel Simeon, Scott E. Smith, George Taylor, Lars Vidaeus, Tom B. Wiens, Aaron Zazueta, and Dominique Zwinkels.

This publication was prepared by the Dissemination and Outreach team of the Partnerships and Knowledge Programs Group (OEDPK), under the guidance of Elizabeth Campbell-Pagé (task team leader), including Caroline McEuen (editor), Kathy Strauss (graphics and layout), and Juicy Qureishi-Huq (administrative assistant).

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Foreword

This report was a cooperative endeavor between the Operations Evaluation Department and the Global Environment Facility. The terms of reference for the study were jointly crafted and the consultants for the study were selected through mutual consultation between GEF and OED. GEF financed the study, made GEF databases available, and commented on the drafts of the study. GEF comments, together with the comments of others, offered a useful input into the report. The GEF input was managed by Jarle Harstad. The review was conducted under the direction of Uma Lele.

A handwritten signature in black ink, appearing to read 'R. Picciotto', enclosed within a large, stylized oval shape.

Robert Picciotto
Director-General, Operations Evaluation Department



Executive Summary

The Global Environment Facility (GEF) was launched in October 1991 to provide a new financial mechanism to protect the global environment. The GEF provides grants and concessional funds to countries eligible for World Bank assistance for the additional costs (the “incremental costs”) of providing global environmental benefits. This support is provided to projects and activities in four focal areas: climate change, biological diversity, international waters, and depletion of the ozone layer. Roughly 16 percent of total GEF

allocations up to June of 1999 (\$2.4 billion) have been for projects primarily concerned with protecting or sustainably managing forest ecosystems or resources—mostly within the biodiversity focal area.

The GEF implements its programs through the World Bank, the United Nations Development Program (UNDP), and the United Nations Environment Program (UNEP). These implementing agencies are responsible for developing projects with their client countries with GEF funding and for implementing them through executing agencies, including government bodies, nongovernmental organizations (NGOs), and regional project authorities. These international agencies are also charged with integrating (mainstreaming) GEF objectives and activities within their own operations and in their client countries’ activities. Each agency has established its own GEF coordinating unit, which transmits all project proposals to the GEF for approval. Project proposals are prepared in accordance with the agency’s regular preparation and appraisal procedures, often in association with regular projects, with efforts to ensure that they also meet GEF criteria.

From 1991 until June 1999, the World Bank took on implementation of 162 projects with grant funding from the GEF. Of these, approximately 44 can be classified as forest projects, which have received \$370 million in GEF funding. The total value of these projects, with cofinancing from a variety of sources, including direct cofinancing of \$181 million from the World Bank, is over \$1 billion. These projects represent a significant proportion of the Bank’s forest sector portfolio and play an important role in the Bank’s implementation of the 1991 Forest Strategy, the subject of the Operations Evaluation Department (OED) review.¹

Overall, this review of the Bank’s GEF forest portfolio concludes that the GEF has been instrumental in allowing the Bank to pursue many aspects of the 1991 Forest Strategy. The conservation orientation of the policy and the co-evolution of both the Bank’s participatory approach and GEF’s guidelines allowed the Bank and the GEF to serve essential, mutually enabling roles in fulfilling their overlapping mandates to improve the conservation of forest resources. The review recommends that the Bank’s partnership with GEF to conserve the world’s forest biodiversity be

expanded, with more realistic goals and more innovative approaches, and that the GEF engage other entities, including the private sector. Conceptual issues and policy implementation weaknesses, however, remain to be addressed.

Key issues: The review examines the degree to which GEF policies are compatible with the 1991 Forest Strategy and identifies a number of key GEF-specific issues that are important to forests and to the impact of the Bank's GEF-funded portfolio on the forest sector. The following issues are among the most important:

- The challenge of reconciling global environmental priorities, country priorities, and implementing agency priorities
- The compatibility of short project cycles with long-term environmental concerns
- The need to address wider policy and multisector issues to make conservation effective
- The degree to which sustainable use of forest resources (including logging) is consistent with environmental objectives
- The difficulty of determining the additional cost of global environmental benefits
- The difficulty of developing and implementing an effective monitoring system
- The appropriate roles of government, local communities, and private nonprofit and for-profit entities in conservation management
- The financial sustainability of GEF projects.

GEF and the 1991 Forest Strategy

The main elements of the 1991 World Bank Forest Strategy are fully consistent with GEF policies. The Bank's strategy focuses on reducing the alarming rate of deforestation, especially of tropical moist forests, and on the inadequate planting of alternative resources. The strategy highlights the global environmental benefits of forest biodiversity and the role of externalities. The GEF, whose pilot stage had just been established at the time the forest strategy was formulated, was specifically mentioned as a source of concessional grant financing for these global benefits, to compensate countries forfeiting development benefits for conservation and to test new approaches to preservation. Both policies stress participatory approaches, capacity building, international cooperation, and sustainability.

Main Achievements

Increased access and coverage: Without the GEF's ability to provide grant funding for the additional costs of forest biodiversity conservation associated with global benefits, it is unlikely that the Bank could have persuaded as many client countries to borrow funds—even on a concessional basis—for these externalities. For this and other reasons, the GEF funding allowed the Bank to remain active in forest sector policymaking and to partially fulfill the 1991 Forest Strategy mandate to conserve tropical moist forests in 16 of the 20 countries identified as policy priorities. The GEF funding also gave the Bank an entrée into the Eastern European countries and allowed it to maintain a policy dialogue about and lending for the forest sector in Africa.

International cooperation: The GEF also provided a means for the Bank to put together and finance regional multicountry projects, enabling it to achieve more progress on the 1991 Forest Strategy mandate for international cooperation than would have been likely without the grant funding and impetus of the GEF. Regional initiatives cover the Congo basin, Eastern Europe, the Mesoamerican corridor, and Central Asia and include corridor protection, coordinated policy development, and shared data systems.

Protected area conservation: Together, the GEF and the Bank contributed to the conservation of specific forest sites and species and the development of forest resources to offset climate change in 44 countries. Seventy-five percent of the portfolio has gone to expanding and improving protected area management through capacity building, planning, applied research, infrastructure, publicity and education, and a number of linked community development and buffer zone investments. This approach has been widely accepted, although the implementation performance is mixed and the impact has not been measured.

Legitimacy: The Bank's GEF portfolio, and the non-financing policy and sector activities that accompanied it in many countries, was also instrumental in increasing the legitimacy of conservation investments in many countries. Elements of civil society, including NGOs and elected representatives, along with government agencies, have added voice and have had heightened impact on their own countries' policies.

Leverage: GEF funds increasingly have been able to leverage additional Bank, bilateral, and host country cofinancing. Although some question this conclu-

sion, most task managers and independent experts are of the opinion that much of this cofinancing is additional funding for forest biodiversity conservation, support that would not otherwise have been available for this purpose.

Participation and safeguards: The GEF and the Bank were also mutually enabling agencies in promoting a genuine increase in local community and NGO participation in the forest and conservation sector, as mandated by the 1991 strategy. The projects also have a relatively good record in adhering to social safeguards, particularly regarding the indigenous peoples who inhabit most conservation areas. The Bank acknowledges, however, that it has yet to encourage adequately women's participation in forest sector projects, despite their critical role in natural resource management and use. In addition, there have been initial calls for inspection panel reviews of indigenous peoples for two projects (India and Mexico) that were subsequently not approved for formal inspection.

Poverty reduction: Given the high incidence of poverty among most of the communities that dwell in the forest and buffer-zones, the community-based approach to conservation of most projects has helped to increase the poverty reduction impacts of the portfolio. The magnitude of these impacts, however, is unlikely to be known, because monitoring and evaluation efforts have been weak in most early projects.

Innovation: The Bank's GEF portfolio has been important in supporting innovations that might otherwise have remained small-scale. The pilot projects in Brazil and Mexico, the new instruments developed in Costa Rica, and the institutionalization of community-based approaches to conservation in China, Indonesia, India, and Uganda are some of the many examples of support for innovative approaches at the national level. NGOs have played a critical role in identifying and testing innovative approaches that have been supported by the Bank GEF portfolio.

Main Weaknesses

Unrealistic goals for mainstreaming: While there has been progressively more mention of global forest conservation goals in the Bank's country strategies and client country plans, conservation remains a low priority in comparison with other economic and social development objectives. GEF program objectives have not become part of the mainstream of most countries' development agendas, or of World Bank Country

Assistance Strategies (CASs). But such a goal is unrealistic. Long-term global biodiversity issues are unlikely to be given priority equal to other pressing economic and social concerns in the short or medium term. Both the Bank and GEF may need to accept more realistic objectives for biodiversity mainstreaming. They may also need to accept that concessional and/or new forms of financing will be required for a long time if conservation is to become sustainable in many developing countries.

Unrealistic goals of scale: Considering the global conservation objectives set out in the 1991 Forest Strategy, especially for the world's moist tropical forests, the scale of GEF project assistance is certainly far less than is needed to begin to offset benefits forgone from wholesale logging and conversion of land to other uses. As a direct method of financing global conservation values, the level of GEF funding is woefully inadequate. With the low country priority given biodiversity conservation, the GEF's objectives of providing the funding for the exclusively global benefits of forest conservation are unrealistic. The Bank and GEF must develop operational strategies to save biodiversity and use the limited funding currently available more strategically. As documented in considerable detail in the OED Country Case Studies, the economic incentives to retain substantial areas of land under moist tropical forests are not currently evident in countries such as Brazil or Indonesia. This foreshadows a rather gloomy future for these forests without massive global transfers or major policy changes.

Limited strategic coherence: Although it has helped to support innovative models and to increase support for forest biodiversity conservation in many key countries, the portfolio has had limited strategic content for dealing with the formidable problems of scale and low perceived priority. The OED Country Case Studies have shown that difficult issues such as developing global biodiversity priorities while maintaining distributive equity, competing land uses, commercial and regional threats to forest biodiversity, and impending technology change in the areas of biotechnology are of paramount importance. However, many of these issues have not been adequately addressed in the projects reviewed, and an overall strategic framework that would allow individual projects to have more significant program impacts has been lacking. Similarly, while many projects have policy elements, they have generally represented piecemeal approaches,

rather than a strategic program that could increase overall impact.

Policy constraints on projects with logging:

The tropical moist forest logging ban policies of both the Bank and the GEF have kept the agencies free of association with deforestation, but have reduced the potential to engage the governments and the private forest industry sectors of the project countries in extending biodiversity conservation into their vast, nonprotected forest areas. Avoiding the forests' most valuable commodity—the tree trunks—has curtailed the impact of conservation investments, although GEF policy, and many project investments, strongly support sustainable use of non-timber forest products and community forest management. Effective conservation of forest biodiversity will require extending project investments beyond the current protected areas and buffer zones to include the connectivity and vastly extended ecosystems of managed forests. Conservation must also be linked to more effective income streams if it is to be financially sustainable.

Insufficient attention to regional threats: While some individual projects have included rigorous analyses of threats to biodiversity in project design, many others have not, and there is relatively little overall strategic analytical work to guide project preparation. As some of the Bank's analyses have shown, projects have too often assumed that local communities are the greatest threat, or that they are capable of dealing with the outside threats posed by logging, agricultural plantations, infrastructure projects, and the like. The OED Country Case Studies have pointed out the importance of these regional threats, as well as the need for a more inclusive and strategic approach to forest conservation.

Inadequate work with the private sector: Both the GEF and the Bank have failed to engage the private sector in most forest sector projects, despite its major impact on forest biodiversity. The absence of any significant coverage of this sector in the 1991 strategy appears to have contributed to this. At the same time, both governments and nongovernmental organizations (NGOs) have often been reluctant to work with the private sector, even in sectors such as commercial tourism, and GEF policies have not developed frameworks for including these critical stakeholders.

Unlikely or uncertain sustainability: With the partial exception of endowment trust funds, most of the portfolio has paid inadequate attention to sustainability. In part this

stems from the underlying dilemma of seeking to support investments for their global benefits, while attempting to persuade countries to take over future financing based on national interests. It also results from inadequate appraisal of potential alternative sources of financing such as royalties, fees, private sector investments, and carbon trading options, and of the social and institutional dimensions of sustainability. While endowment trust funds do address the long-term financing issue, they limit annual flows to, for example, 5 percent of capital, and would require enormous resources to generate the level of funding required.

Limited impact on country-level policy: Increasingly the Bank has packaged GEF projects with natural resource and agricultural initiatives with greater policy impact. But with the important exception of supporting policy changes that increase community participation in conservation, most of the projects have had limited policy or legal reform content. Countries sometimes see GEF grant funds as an entitlement, and the GEF has limited leverage to include larger policy changes unless it becomes part of a more comprehensive policy reform program. Policy reform and supporting legislation, however, appear to be the most effective way to obtain significant global impacts with the limited funds available. Brazil, China, and Eastern Europe are examples of countries in which policy has been leveraged through GEF investments.

Weak performance on gender: Although the key role women play in natural resource use and management in most developing nations are widely recognized, the Bank GEF projects did not include women in the project design and implementation in almost three-quarters of the projects reviewed. A similar lack is seen in the Bank-financed projects reviewed by OED. The difficulty of increasing women's participation in the face of resistance by the forestry establishment in many countries must be acknowledged, but improved performance in this area is needed.

Lack of data: The impact of the Bank's GEF portfolio has not been measured, partly because of the inherent difficulties of measuring biodiversity and project change, but also because of inconsistent and inadequate project monitoring and evaluation efforts. The lack of project and overall portfolio monitoring and evaluation constrains the development of a more targeted and effective program strategy, as well as the expansion of government, Bank, and public support for forest conservation.

Summary Recommendations

The main recommendations of the GEF review are similar to many of those in OED's review of the Bank's program:

- Enlarge the scope of the GEF cofinanced forest programs developed by the Bank to better include the private sector and other public sectors.
- Develop a more strategic approach to address the most important threats to biodiversity and the most effective investments of limited funds to leverage large-scale impacts.
- Expand the grant and investment portfolio to projects outside of protected areas, involving more sustainable use.
- Evaluate options for transferring implementation of small, stand-alone projects to other implementing organizations or establish a new window to continue to harness the creative and critical energy of the NGO sector, while removing the "burden" on Bank task managers for small projects, which they have little institutional incentive to pursue.
- Develop modest and clear monitoring indicators with country ownership, and work on client capacity for implementation.
- Develop policies and projects that more effectively work with sustainable forest use and management to incorporate conservation objectives and extend forest strategy goals into the private sector forest industry.
- Pursue opportunities to develop incentives for conservation that are linked with private enterprise, including agriculture, non-timber forest products, tourism, hydroelectric generation, livestock rearing, and the like.
- Continue to identify and operationalize new financial mechanisms for sustaining conservation funding, including trust funds, royalties and fees, conservation easements and tax mechanisms, contingent grants, partial credit guarantees, reserve funds, and so forth.

In conclusion, it is recommended that the Bank's partnership with the GEF for sustainable conservation of the world's forest biodiversity be expanded, with more strategically developed, realistic goals and more innovative approaches. The limitations of mainstreaming and national financing of global biodiversity benefits require a more realistic, comprehensive, and sustainable approach. Given the limited financing, and the huge global need, impact needs to be expanded through increased policy and legislative reform, new forms of financing, and engagement with the private sector—including the logging industry. The critical role of NGOs in mobilizing the support of civil society and in developing innovative models should be further supported through more appropriate funding mechanisms. The Bank's comparative advantage in analytic work and investment leverage should be captured through expanding the trend toward incorporating GEF projects in larger strategic programs to address the powerful threats and opportunities for biodiversity conservation emerging from other, linked sectors.

The complementarity of the Bank and the GEF in the forest sector should allow both institutions to expand strategically focused programs to the scale and scope needed to conserve vanishing forest biodiversity for global and national benefit.

ABBREVIATIONS AND ACRONYMS

AFR	–	Africa Region
BAP	–	Biodiversity Conservation Action Plan
BTF	–	Bhutan Trust Fund for Environmental Conservation
CAS	–	Country Assistance Strategy
CBD	–	Convention on Biological Diversity
CBO	–	Community-based organization
CEO	–	Chief executive officer
CI	–	Conservation International
CIFOR	–	Center for International Forestry Research
CITIES	–	Conservation on International Trade in Endangered Species
COP	–	Conference of Parties
DNR	–	Department of Natural Resources
EA	–	Enabling activity
EAP	–	East Asia and Pacific Region
ECA	–	Europe and Central Asia Region
ESSD	–	Environmentally and Socially Sustainable Development
FCCC	–	Framework Convention on Climate Change
FAO	–	Food and Agricultural Organization
FONAMA	–	National Environmental Fund, Bolivia
FUNBIO	–	Brazilian Biodiversity Fund
GEF	–	Global Environment Facility
GTZ	–	Deutsche Gesellschaft für Technische Zusammenarbeit
IBRD	–	International Bank for Reconstruction and Development
ICDP	–	Integrated Conservation and Development Project
ICR	–	Implementation Completion Report
IDA	–	International Development Association
IDB	–	Interamerican Development Bank
IFAD	–	International Fund for Agricultural Development
IFC	–	International Finance Corporation
IICA	–	Instituto Interamericano de Cooperación para la Agricultura
INRENA	–	National Institute for Natural Resources, Peru
IUCN	–	International Union for the Conservation of Nature
LAC	–	Latin America and Caribbean Region
MBC	–	Mesoamerican Biological Corridor Program
MNA	–	Middle East and North Africa Region
MSG	–	Medium-size grant
NEAP	–	National Environmental Action Plan
NGO	–	Nongovernmental organization
NSBAP	–	National Biodiversity Strategic Action Plan
NSPA	–	National System of Protected Areas
NTFP	–	Non-timber forest product
OP	–	Operational program
PA	–	Protected area
PAD	–	Project Appraisal Document
PAMSU	–	Uganda Protected Areas Management and Sustainable Use
PIR	–	Project Implementation Review
PPPB	–	Research and Development Center for Biology, Indonesia
PRA	–	Participatory rural appraisal
PSR	–	Project Status Report

QAG	–	Quality Assurance Group
REIMF	–	Central Africa Regional Environment Management Project
SAR	–	Staff Appraisal Report
SFM	–	Sustainable forest management
STRM	–	Short-term response measures
TNC	–	The Nature Conservancy
UNCED	–	U.N. Conference on Environment and Development
UNDP	–	United Nations Development Program
UNEP	–	United Nations Environment Program
USAID	–	United States Agency for International Development
WB	–	World Bank
WCS	–	Wildlife Conservation Society
WWF	–	Worldwide Fund for Nature

All dollar (\$) figures are in U.S. dollars.



Role of the GEF in the OED Forest Strategy Review

From 1991 until June 1999, the World Bank took on implementation of 162 projects with grant funding from the Global Environment Facility (GEF, forthcoming). Approximately 44 of these can be classified as forest projects,¹ which have received \$370 million in GEF funding. The total value of these projects, with cofinancing from a variety of sources, including direct cofinancing of \$181 million from the World Bank, is over \$1 billion. The projects represent a significant proportion of the Bank's forest sector portfolio and play an important role

in the Bank's implementation of the 1991 Forest Strategy, the subject of the Operations Evaluation Department (OED) review. For this reason, the GEF Secretariat contributed to the OED review to ensure that this portfolio was evaluated along with regular Bank operations.

This study examines this Bank GEF portfolio as one component of the *OED Review of the 1991 World Bank Forest Strategy and Its Implementation*. This GEF study is based on a review of the following reports and databases:²

- Project design documents: Staff Appraisal Reports and GEF Project Documents, Project Appraisal Reports, Project Information Documents, and Project Concept Documents.
- Recent supervision reports: Project Status Reports (590s)
- Implementation Completion Reports (available for eight projects)
- Quality Assurance Group reports (available for only three projects)
- World Bank databases (Social Development-ESSD, Portfolio Information System)

- GEF evaluations and Project Implementation Reviews
- Studies conducted by GEF and the Bank GEF coordinating unit
- Independent studies by researchers and nongovernmental organizations (NGOs).

The review is also based on a series of structured, informal interviews with Bank project task managers and with GEF specialists in the NGO and donor communities, supplemented by a questionnaire. Whenever possible, country officials visiting Washington were also interviewed. Other members of the OED study team³ provided comparative data on the Bank's regular portfolio. This review also draws on the findings of the six Country Case Studies⁴ that form part of the OED implementation review.

The review did not include any field studies beyond those undertaken by the Country Case Study authors and the OED team leader. The ability to provide an independent assessment of impacts on the ground has been constrained by the continuing lack of meaningful monitoring of results, the relatively early stage of many of the projects in the portfolio, and the

necessary reliance on secondary data and impressions filtered through World Bank task managers. While this study has sought to maintain an objective and independent perspective, it has not had the resources to verify information and conclusions, or to conduct an in-depth study of the projects reviewed.

Fortunately, conclusions can be triangulated with other independent evaluations and annual performance implementation reviews,⁵ which have tended to highlight overlapping issues that are still being debated and scrutinized. Along with the issues relating specifically to this study's mandate with regard to the 1991 Forest Strategy, a number of the issues were identified in the study's terms of reference and found to be critical to evaluating the role of the Bank's GEF forest portfolio. The persistent issues include questions about the following:

- The challenge of reconciling global environmental priorities, country priorities, and implementing agency priorities
- The compatibility of short project cycles with long-term environmental concerns
- The need to address wider policy and multisector issues to make conservation effective
- The degree to which sustainable use of forest resources (including logging) is consistent with environmental objectives
- The difficulty of determining the additional cost of global environmental benefits
- The difficulty of developing and implementing an effective monitoring system
- The appropriate roles of government, local communities, and private nonprofit and for-profit entities in conservation management
- The financial sustainability of GEF projects.

While some of these issues are applicable to most international development projects, others are specific to the GEF and its role as a mechanism for funding global priorities in the context of country shareholders. This bipolar orientation is the source of an underlying tension that runs through this review as a counterpart to the attempts by the Bank's 1991 strategy to reconcile conservation with economic development.

The Global Environment Facility

The GEF was launched in October 1991 to provide a new financial mechanism to protect the global environment. The GEF provides grants and concessional funds

to countries eligible for World Bank assistance for the additional costs ("incremental costs") of global environmental benefits. This support is provided to projects and activities in four focal areas: climate change, biological diversity, international waters, and depletion of the ozone layer. Each of these areas is divided into operational programs, with specific guidance provided by the GEF. Approximately 16 percent of GEF allocations up to the end of June of 1999 (\$2.36 billion) have been for projects primarily concerned with protecting or sustainably managing forest ecosystems or resources—mostly within the biodiversity focal area.

Until 1994, the GEF operated under a pilot phase. This period was meant to "test innovative approaches and potentially valuable technologies with an eye toward finding methods that could be replicated on a larger scale (Sjöberg 1999). On the ground, a large number of project proposals were developed to demonstrate the advantages of GEF in time for the U.N. Conference on Environment and Development (UNCED) in 1992, and to prepare a practical funding mechanism for future international environmental conventions (the Convention on Biological Diversity, or CBD, and the Framework Convention on Climate Change, or FCCC). As later sections of this report show, projects designed in the early years of the GEF were characterized by broad development objectives, a lack of performance indicators, and little cofinancing.

The GEF was restructured and refinanced into its current form in 1994. Governance became the responsibility of the GEF Council. As the GEF is designated the financial mechanism for the CBD as well as the FCCC, the Council is guided by and accountable to the Parties to the Conventions. Though located administratively in the World Bank, the GEF Secretariat is an independent entity whose CEO and chairman reports to the Council. Altogether, \$5.5 billion has been provided or pledged by donor countries for GEF activities through FY2000.⁶ The Operational Principles developed by the GEF in response to the directions provided by the Conventions and Parties are listed in box 1.1.

The GEF implements its programs through the World Bank, United Nations Development Program (UNDP), and United Nations Environment Program (UNEP). These implementing agencies are responsible for developing projects with their client countries with GEF funding, and for implementing them through executing agencies, including government bodies, NGOs, and regional project authorities. These agen-

cies are also charged with integrating (mainstreaming) GEF objectives and activities within their own operations and in their client countries' activities. Each agency has established its own GEF coordinating unit, which transmits all project proposals to the GEF. Project proposals are prepared in accordance with the agencies' regular preparation and appraisal procedures, while ensuring that they also meet GEF criteria.

In theory, the implementing agencies divide the workload in accordance with their comparative advantages: the Bank, in investment and the private sector; the UNDP, in technical assistance and capacity building; and the UNEP, in catalyzing scientific and technical support. In practice, these lines have become blurred, and most Bank GEF projects contain technical assistance, capacity building, and scientific research support in addition to physical investments. The Bank and UNDP administer 47 percent and 41 percent, respectively, of the projects overall. But the Bank's share of GEF financing was 61 percent. Bank projects

are generally twice the size of UNDP projects, averaging about \$10 million each in GEF funding as of June 1999 (GEF, forthcoming).

The 1991 Bank Forest Strategy

The main elements of the 1991 World Bank Forest Strategy (see Annex B for a summary) are fully consistent with GEF policies. The Bank's strategy focused on reducing the alarming rate of deforestation, especially in tropical moist forests, and the inadequate planting of alternative resources, and highlighted the global environmental benefits of forest biodiversity and the role of externalities. The GEF, which had just established its pilot stage, was specifically mentioned as a source of financing for these global benefits:

Through involvement in activities such as the Global Environment Facility (GEF), the Bank will encourage the transfer of concessional resources from developed countries to those

BOX 1.1. OPERATIONAL PRINCIPLES FOR THE DEVELOPMENT AND IMPLEMENTATION OF THE GEF WORK PROGRAM

1 For purposes of the financial mechanisms for the implementation of the Convention on Biological Diversity and the United Nations Framework Convention on Climate Change, the GEF will function under the guidance of, and be accountable to, the Conference of the Parties (CoPs). For purposes of financing activities in the focal area of ozone layer depletion, GEF operational policies will be consistent with those of the Montreal Protocol on Substances that

Deplete the Ozone Layer and its amendments.

2. The GEF will provide new, and additional, grant and concessional funding to meet the agreed incremental costs of measures to achieve agreed global environmental benefits.

3. The GEF will ensure the cost-effectiveness of its activities to maximize global environmental benefits.

4. The GEF will fund projects that are country driven and based on national priorities designed to support sustainable development, as identified within the

context of national programs.

5. The GEF will maintain sufficient flexibility to respond to changing circumstances, including evolving guidance of the Conference of the Parties and experience gained from monitoring and evaluation activities.

6. GEF projects will provide for full disclosure of all non-confidential information.

7. GEF projects will provide for consultation with, and participation as appropriate of, the beneficiaries and affected groups of people.

8. GEF projects will conform to the eligibility requirements set forth in paragraph 9 of the GEF Instrument.

9. In seeking to maximize global environmental benefits, the GEF will emphasize its catalytic role and leverage additional financing from other sources.

10. The GEF will ensure that its programs and projects are monitored and evaluated on a regular basis.

Source: GEF: 1996a, p.2.

developing countries that are taking effective measures to safeguard world biodiversity, particularly in tropical moist forests, because these countries contribute to the global welfare by forfeiting the development benefits that they could derive from the exploitation of their forests. In addition to its support for specific projects, the GEF is designed to be a means of testing new policy and program approaches to preservation. To accomplish this, it is harnessing the experience of the United Nations Development Program (UNDP), the UNEP, and the Bank. This combination is uniquely suited to developing broad intellectual leadership in addressing environmental issues. As experience is gained through GEF support for forest conservation, the types of activities and the nature of financing requirements will be assessed.

The recently established Global Environment Facility is a useful mechanism for testing innovative financing approaches, and the experience gained in its operation may need follow-up initiatives.

In promoting conservation of natural forests and the sustainable development of forest resources, the Bank strategy promoted five principles that are highly compatible with the GEF:

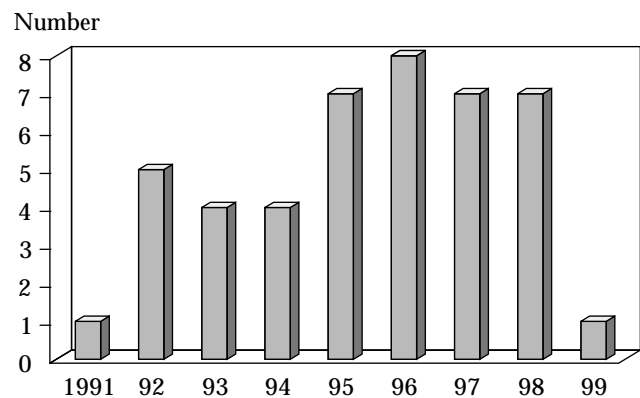
- A multisectoral approach
- International cooperation
- Policy reform and institutional strengthening
- Resource expansion and intensification
- Preservation of intact forest areas.

The policy also stressed a strong participatory approach that safeguarded the interests of forest dwellers, particularly indigenous peoples.

The Bank's GEF Forest Portfolio and the 1991 Forest Strategy

Forty-four projects largely concerned with forest areas were reviewed for this study, including all 25 biodiversity projects in the Operation Program for forest ecosystems,⁷ 4 projects for mountain ecosystems, 5 in arid and semi-arid ecosystems, 8 termed "short-term response measures,"⁸ and 2 projects from the Climate Change focal area that included a significant

FIGURE 1.1. BANK GEF PROJECTS BY DATE



Note: There was only one project with forest components for 1999 at the time the project desk review was completed; the Central Asia project was the only one that had been approved by the World Bank Board of Directors.

component dealing with household energy (mainly tree planting).⁹ Table 1.1 lists the projects included in this review in chronological order, and Annex D includes a brief description of their objectives.

As shown in figure 1.1, the number of Bank-initiated GEF forest projects has remained rather constant at seven projects each year over the past four years (excluding 1999).¹⁰ With the exception of the Middle East and North Africa (MNA) Region, where there are no forestry projects, most Bank GEF forest projects are found in Latin America and Africa, and the rest are relatively evenly distributed among the remaining Regions (see figure 1.2).

Although direct forest projects in the Bank's regular portfolio in the Africa (AFR) and East Asia and Pacific (EAP) Regions were reduced over the past decade,¹¹ this relatively even distribution of GEF-funded projects, appears to have been critical to maintaining the Bank's potential ability to carry out many of the mandates of the 1991 Forest Strategy. A number of task managers reported that the availability of GEF grants provided a continuing entrée to the forest and environment sector officials. Without this instrument, the Bank's ability to engage effectively in the policy dialogue called for in the 1991 Forest Strategy would have been reduced significantly, at least in the Africa Region.¹²

Since it is likely that the reduction in Bank direct forest project lending to these two Regions is related to the 1991 ban on Bank financing for tropical forestry timber operations, it is useful to examine the pattern of GEF-

TABLE 1.1. WORLD BANK-IMPLEMENTED GEF PROJECTS (US\$ MILLION)

Country	Project name	Board date	GEF	WB/IDA	Host country	Bilateral	NGO/ Foundation	Total cost
Poland	Forest Biodiversity Protection	1991	4.50	0.00	1.40	0.30	0.00	6.20
Belarus	Biodiversity Protection	1992	1.00	0.00	0.25	0.00	0.00	1.25
Bhutan	Trust Fund for Environmental Conservation	1992	10.00	0.00	0.17	9.41	1.00	20.59
Bolivia	Biodiversity Conservation	1992	4.50	0.00	0.00	3.90	0.00	8.40
Congo	Wildlands Protection and Management	1992	10.10	0.00	1.00	2.60	0.20	13.90
Mexico	Protected Areas Program	1992	25.00	0.00	0.00	0.00	0.00	25.00
Czech Republic	Biodiversity Protection	1993	2.00	0.00	0.20	0.55	0.00	2.75
Slovak Republic	Biodiversity Protection	1993	2.30	0.00	0.06	0.50	0.31	3.17
Turkey	In-Situ Conservation of Genetic Biodiversity	1993	5.10	0.00	0.60	0.00	0.00	5.70
Ukraine	Transcarpathian Biodiversity Protection	1993	0.50	0.00	0.07	0.00	0.01	0.58
Ecuador	Biodiversity Protection	1994	7.20	0.00	1.60	0.00	0.00	8.80
Indonesia	Biodiversity Collections	1994	7.20	0.00	4.20	0.00	0.00	11.40
Lao PDR	Wildlife and Protected Areas Conservation	1994	5.00	8.70	1.00	5.60	0.00	20.30
Philippines	Conservation of Priority Protected Areas	1994	20.00	0.00	2.86	0.00	0.00	22.86
Africa (Burkina Faso & Côte d'Ivoire)	West Africa Pilot Community-Based Natural Resource and Wildlife Management	1995	7.00	0.00	1.79	4.40	0.00	13.19
Cameroon	Biodiversity Conservation and Management	1995	5.96	0.00	1.00	5.43	0.00	12.39
China	Nature Reserves Management	1995	17.80	0.00	5.70	0.00	0.00	23.50
Mali	Household Energy	1995	2.50	0.00	1.20	7.40	0.00	11.10
Mauritius	Biodiversity Restoration	1995	1.20	0.00	0.20	0.00	0.20	1.60
Peru	National Trust Fund for Protected Areas	1995	5.00	0.00	0.00	1.50	1.36	7.86
Uganda	Bwindi Impenetrable National Park and Mgahinga Gorilla National Park Conservation	1995	\$4.00	0.00	0.00	0.89	1.42	6.31

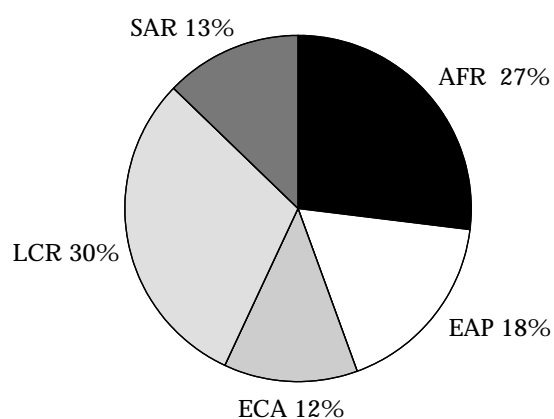
financed projects in countries with tropical moist forests. The 1991 Forest Strategy identified 20 countries with significant tropical moist forests. These countries, especially the large, “mega-diversity” countries, contain disproportionately large shares of the world’s biological diversity and are urgently in need of increased protection. The review of regular Bank forest projects reveals that while only 3 of these countries received direct forest project lending, 16 tropical moist forest countries have been addressed by Bank-implemented GEF projects.¹³ The

GEF portfolio thus played a significant role in fulfilling the mandate of the 1991 Forest Strategy to fill gaps in coverage—especially in providing assistance to countries rich in tropical moist forests.

The adequacy of these projects in addressing the challenges posed by the tropical moist forest countries, however, is a critically important, separate question. GEF projects are relatively small in comparison with the millions of hectares of tropical moist forest in need of improved management and conservation. While tiny

TABLE 1.1. WORLD BANK-IMPLEMENTED GEF PROJECTS (US\$ MILLION) (CONTINUED)

Country	Project name	Board date	GEF	WB/IDA	Host country	Bilateral	NGO/ Foundation	Total cost
Brazil	National Biodiversity Project	1996	10.00	0.00	10.00	0.00	0.00	20.00
Brazil	Brazilian Biodiversity Fund	1996	20.00	0.00	0.00	0.00	5.00	25.00
India	India Ecodevelopment	1996	20.00	28.00	19.00	0.00	0.00	67.00
Indonesia	Kerinci Seblat Integrated Conservation and Development	1996	15.00	19.10	13.00	0.00	0.00	47.10
Kenya	Tana River National Primate Reserve	1996	6.20	0.00	0.94	0.00	0.00	7.14
Madagascar	Environment Program Support	1996	20.80	30.00	31.00	68.59	9.25	159.64
Mozambique	Transfrontier Conservation Areas Pilot and Institutional Strengthening	1996	5.00	0.00	0.50	2.60	0.00	8.10
Russian Federation	Biodiversity Conservation	1996	20.10	0.00	4.80	1.10	0.00	26.00
Africa	Central Africa Region: Regional Environment and Information Management Project (REIMP)	1997	4.35	0.00	2.91	12.78	0.00	20.04
Argentina	Biodiversity Conservation	1997	10.10	0.00	11.80	0.00	0.00	21.90
Honduras	Honduras Biodiversity Project	1997	7.00	0.00	2.50	0.00	0.00	9.50
Nicaragua	Atlantic Biodiversity Corridor	1997	7.43	3.00	2.67	8.70	0.00	21.80
Panama	Atlantic Biological Corridor	1997	8.40	2.30	2.10	0.00	0.00	12.80
Senegal	Sustainable Participatory Energy Management	1997	4.70	5.20	1.20	8.80	0.00	19.90
Sri Lanka	Conservation and Sustainable Use of Medicinal Plants	1997	4.60	0.00	0.50	0.00	0.00	5.10
Bangladesh	Biodiversity Conservation in the Sundarbans Reserved Forest	1998	12.20	0.00	10.00	53.30	0.00	75.50
Costa Rica	Biodiversity Resources Development	1998	7.28	0.00	1.00	12.00	0.00	20.28
El Salvador	Promotion of Biodiversity Conservation within Coffee Landscapes	1998	0.75	1.00	0.22	0.00	1.86	3.84
Ghana	Natural Resource Management	1998	8.70	9.30	2.20	12.00	0.30	32.50
South Africa	Cape Peninsula Biodiversity Conservation Project	1998	12.30	0.00	69.90	0.00	8.00	90.20
Uganda	Protected Areas Management and Sustainable Use	1998	2.00	12.37	5.92	0.00	0.00	20.29
Zimbabwe	Biodiversity Conservation in Southeast Zimbabwe	1998	4.80	62.50	7.50	0.00	0.00	74.80
Central Asia	Central Asia Transboundary Biodiversity Project	1999	10.49	0.00	2.00	1.50	0.00	13.99
Total			370.06	181.47	224.96	223.85	28.91	1,029.26

FIGURE 1.2. FUNDING BY REGION, GEF PERCENTAGES

AFR = Africa
 EAP = East Asia and the Pacific
 ECA = Europe and Central Asia
 LCR = Latin America and the Caribbean
 SAR = South Asia

in comparison with the potential need, it is noteworthy that the average total cost of projects in moist tropical forests is \$29 million, in comparison to average project costs of \$18 million in other countries. The GEF contribution to this total is also correspondingly higher, as shown in table 1.2.

The GEF portfolio has also provided an important entrée for the Bank into a forest dialogue in the ECA Region. Six of the eight ECA projects studied were implemented in the first three years after GEF's creation (1991–94). With the exception of Turkey, these Bank GEF projects marked the initial contacts between the World Bank and these countries in transition. The World Bank projects in Belarus and Ukraine became the first in those countries and among the first in Poland and the Czech and Slovak Republics. Even though there was no Bank lending for these projects,¹⁴ by implementing GEF projects, the Bank established a presence in the Region and began a regional partnership that continues to grow today.¹⁵

TABLE 1.2. FINANCING FOR TROPICAL MOIST FOREST PROJECTS (\$ MILLION)

Tropical moist forest status ^a	GEF allocation		Host nation		NGO/foundation	Total cost	Total projects (no.)	Average total cost per project	Average GEF cost per project
	WB/IDA		Bilateral						
Not tropical moist forest	\$188	\$104	\$137	\$125	\$13	\$567	31	\$18.3	\$6.1
Tropical moist forest	\$182	\$77	\$88	\$99	\$16	\$463	16	\$28.9	\$11.4
Total	\$370	\$182	\$225	\$224	\$29	\$1,029	47 ^b	\$21.9	\$7.9

a. As defined in the 1991 Forest Strategy. Most figures are rounded to the nearest million.

b. The amount is greater than the scope of the review (44) because there are 3 GEF-funded projects implemented by the UNDP, which are located in the threatened moist forest countries as identified in the 1991 Forest Strategy. The countries are Malaysia, Colombia, and Venezuela.



Relevance of the GEF Portfolio

Relevance to Global Biodiversity Objectives

The conservation of forest biodiversity is a major shared objective of the 1991 Forest Strategy and the GEF. The traditional method for preserving forest biodiversity is the protection of forest ecosystems through the establishment and management of protected areas (PAs) by national forest or environment departments. International goals and norms for PA coverage and classification have been the subject of continuous development in conservation

networks. Nongovernmental organizations have taken leading roles in developing approaches to PA management in both international and national fora, which increasingly recognize the rights and skills of local indigenous peoples and the importance of stakeholder participation. NGOs have also been instrumental in helping map the critical ecosystems for protection. While there is widespread agreement that local people's support is needed for effective biodiversity conservation, the magnitude of rights to be recognized and the responsibility of government for management and enforcement are contested—sometimes hotly. Recent attention has also focused on the need to protect larger regional ecosystems and connecting corridors. Both of these initiatives are supported to varying degrees in the 1991 Forest Strategy and the Convention on Biological Diversity. At the GEF project level, this focus is being addressed by the design of projects emphasizing multicountry cooperation and biological corridors beyond national boundaries (see box 2.1).¹

Given this widespread attention to PAs, it is not surprising that 75 percent² of the portfolio focuses on expanding PA area and/or improving PA management.³ Other objectives identified in project documents

and shared by a number of projects include improving policy and coordination with other public and private sectors, providing income alternatives and sustainable means for poverty reduction linked to local community conservation, increasing the financial sustainability of poorly funded conservation activities, and increasing biodiversity or forest supply in non-PA areas such as coffee plantations, linking corridors, or energy woodlots.⁴ Except for the two energy projects, the overall goal of these projects is improved biodiversity conservation.

TABLE 2.1. PRIMARY PROJECT OBJECTIVES OF BANK GEF BIODIVERSITY PROJECTS

Objective	Percentage of portfolio
Expanding area and/or improving PA management	57
Environmental planning (at any level)	23
Policy/legal reform	7
Increasing and/or documenting biodiversity and/or forest supply	14

The relevance of these project objectives to conserving globally important biodiversity is generally widely accepted. All of the task managers and others inter-

BOX 2.1. GEF AND THE MESOAMERICAN BIOLOGICAL CORRIDOR PROGRAM

The Mesoamerican Biological Corridor Program (MBC) emerged in the late 1980s as a multi-country, ecosystem-based approach to conservation and development. International organizations and environmental NGOs supported the planning and design of conservation programs throughout the contiguous stretch of forests and reef ecosystems.¹ While the program originally focused on protected area management and diminishing habitat fragmentation from Mexico to Colombia, the scope has expanded to include poverty alleviation, productive

uses, and improved governance. These organizations, along with national governments, have partnered to foster interregional cooperation, information sharing, and increased participation of indigenous groups and peasants living around protected areas. Examples of biodiversity conservation in productive landscapes include corn and wheat production combined with pine forest management in Guatemala, biodiversity-friendly coffee plantations in El Salvador, and organic cocoa growing in Costa Rica.

As the fourth-largest funder of biodiversity in Latin America, the GEF has supported this initia-

tive with three Bank-implemented projects that focus on improving protected areas of global significance in Honduras, Nicaragua, and Panama.²

Project development objectives are:

- Improved institutional national capacity for parks management
- Better and more participatory protection of selected protected areas
- Support for natural resource management activities in buffer areas
- Stronger national biological monitoring capacity
- Development and dissemination of tools

for integrating the biological corridor concept into sectoral strategies.

Related projects also funded by GEF include a medium-size grant to coffee-grower associations to adapt their practices to make shade coffee more biodiversity-friendly, a regular-size project making an inventory of biodiversity resources in Costa Rica, and two recently approved projects: one for sustainable hillside management in southern Mexico, and the second to develop markets for environmental services in Costa Rica.

Note: Project information extracted from GEF Project Documents for Panama (May 1998), Nicaragua (June 1997), and Honduras (September 1997); *MBC Newsletter* No. 99-1, April 1999; and *Status of the Global Vision and National Perspectives on the Mesoamerican Biological Corridor*, Background Documentation No. 2, International NGO and Donors Conference for the MBC, Paris, October 29-30, 1998.

1. Some of the international development organizations, development banks, and NGOs that have participated at different stages of the MBC program are the FAO, IBRD, IFAD, USAID, GTZ, Danida, IDB, UNDP, GEF, governments of Norway, Japan, and Sweden, IICA, WWF, TNC, CI, and ProPeten. A regional office (RUTA-Regional Unit of Technical Assistance) is currently funded by various organizations to coordinate donor efforts and multicountry dialogue to implement sustainable development programs.

2. These three projects (Honduras Biodiversity Project 1997, Nicaragua Atlantic Biodiversity Corridor 1997, and Panama Atlantic Biological Corridor Project 1997) are implemented by the Bank; the GEF also funds other MBC projects through the UNDP.

viewed or responding to the questionnaire rated the relevance of their projects to the GEF's global biodiversity objectives very highly. This may be, in part, because the objectives as formulated in the projects and policies are very broad. The objectives are typically developed to meet GEF criteria directly, thereby ensuring their relevance from the perspective of the GEF Council and Secretariat. From this perspective, however,

the projects' relevance to global biodiversity must be balanced by their relevance to country concerns. A project must have significant global biodiversity benefits *and* be "country driven" to be eligible for GEF funding. One of the main strategic considerations guiding GEF-financed activities is the "development of a portfolio that encompasses representative ecosystems of global significance" (GEF 1996a, p. 14).

Biological diversity, however defined, is not distributed equitably. Furthermore, there is no agreed set of criteria on how to measure biological diversity. This has led to continuing debate on GEF's selection of ecosystems and its prioritization of projects based on balancing global biodiversity criteria with country priorities by favoring "ecosystem representation." Furthermore, parties to the Convention on Biological Diversity have not agreed on any priority-setting exercise; all countries want, and are eligible to have, access to financial resources from GEF. Some regard this issue as more political than technical,⁵ and this debate continues even within the NGO community:

Some NGOs have emphasized the need to prioritize ecosystems at a global, rather than just a national, level. Global prioritization would promote the protection of biodiversity "hot spots" and "megadiversity centers" with high endemism, species richness and levels of threat or vulnerability. Other NGOs question the ability to define globally representative ecosystems and are concerned that the current GEF approach may focus too much on global priorities rather than national ones (IUCN 1997).

As part of the recommendations of the study *GEF's Overall Performance* (Porter and others 1998), the GEF Council was asked to authorize the Secretariat and the implementing agencies, in consultation with the CBD Secretariat, "to identify the ecosystems and ecosystems types within each OP in biodiversity that should be the highest priorities for GEF in terms of a set of agreed criteria" (Porter and others 1998, p. 10). However, the second progress report (GEF 1999f) addressing the actions to implement the recommendations from the above-mentioned report states that the "responsibility for determining priorities in the biodiversity focal area rests with the CoP of the CBD. A formal exercise to identify priority ecosystems is not consistent with GEF's country-driven approach. This recommendation is closed" (GEF 1999f). Given the limited resources devoted to biodiversity conservation, a lack of geographic or level-of-threat priority-setting greatly reduces the impact of funding on biologically rich areas with great needs.

An examination of the global biodiversity justifications cited in project appraisal reports for the 44 forest

TABLE 2.2. CRITERIA CITED FOR GLOBAL BIODIVERSITY VALUES

Criterion	Percentage
Bio-geographic importance and threats	61
Endemism	50
Representative ecosystems	35
Flagship species	23

projects reveals that task managers use a variety of biodiversity criteria in justifying their projects to management. Analysis indicates no significant difference by Region or by year of project approval.

From the perspective of some biologists and conservationists, this appeal to different criteria for different countries, and the failure to develop a prioritized list of ecosystems and criteria, lessens the impact of the GEF portfolio on global biodiversity conservation (IUCN 1997). However, from a pragmatic, country stakeholder perspective, this willingness to accept a variety of criteria is an honest reflection of the lack of consensus on biodiversity prioritization and an essential recognition of the importance of increasing global support, equity, and ownership for the overall objective of biodiversity conservation. As other evaluations have also concluded, there is room for improving the biological criteria and their application to project selection, while continuing to recognize the need for global buy-in and equity in fund distribution (Porter and others 1998). While the debate on this issue continues, NGOs seem to have reconciled themselves to accepting both points of view as valid and coexistent, even if not completely reconcilable.

Relevance to the World Bank and the Forest Strategy

From the perspective of the World Bank, these project objectives are also considered highly compatible with the 1991 Forest Strategy.⁶ The provision of grant funds for conservation allowed the Bank to implement the 1991 strategy mandate for conservation of tropical moist forests at a time when (it is generally agreed) few countries would borrow for biodiversity conservation, and when the strategy specifically prohibited investments in logging in primary tropical moist forests. These objectives are also relevant to Bank goals of promoting environmental sustainability and local capacity building.

From the Bank's perspective, any underlying tensions of relevance spring primarily from its over-riding

mandate: poverty reduction.⁷ Approximately a third of the 44 projects included poverty reduction objectives as a justification. PAs are customarily located in remote areas (by definition, these are usually the only areas with relatively intact ecosystems), and the local people tend to be disproportionately poor. They are also disproportionately tribal, indigenous peoples who are marginalized within mainstream country economies and societies and vulnerable to centralized decision-making by government officials or large private sector companies. Thus, projects that seek to combine poverty reduction objectives with forest biodiversity conservation or rural tree growing frequently work in project areas that are highly appropriate for such activities.

But PAs are also characterized by restrictions in forest resource use. Indigenous peoples' livelihoods have generally depended on selective use of forest resources—fruits, nuts, edible tubers, wildlife, or small-scale commercial collection and sale of honey, mushrooms, fibers, medicinal plants, or timber. Even the most progressive PA projects, which incorporate indigenous rights and resource use, face (or will likely face) the need to place limits on resource extraction in order to maintain biodiversity values. As Brandon (1997) points out, “as long as the opportunity exists to increase income, people are willing to do so—and with increased income comes increased consumption. In many cases, having people live in areas such as buffer zones, where the uses are restricted, is equivalent to condemning them to lives of poverty.” The potential tradeoffs among conservation, forest use, and poverty reduction are a source of continuing debate in each of these projects, as well as in relation to the Bank's policy.

To date, the Bank and the GEF have followed a biologically conservative course. Both endeavor to meet poverty reduction objectives through the generation of alternative income sources and, presumably, low-impact forest uses such as ecotourism and non-timber forest products. But these are relatively small components of overall investment, which fuels a longstanding, and constantly changing, debate from three sides. The advocates of indigenous peoples' rights argue for increased delegation of resource control and use rights—usually with the somewhat naïve assumption that this delegation will always result in increased conservation values. The advocates of the private sector argue for increased investment in sustainable forest management to extend conservation into greater

forest areas and expand the economy. Other conservation advocates argue for decreasing the use of the forest by both indigenous peoples and private commercial interests as the best means of maintaining biological diversity. The Bank's current strategy, like that of the GEF,⁸ attempts an acceptable compromise by avoiding these more controversial issues surrounding the sustainable use of forest resource that underlie reconciling conservation and poverty reduction in many of the world's forests.

Relevance to Country and Bank Development Priorities

Both Bank task managers and country officials think that the World Bank and national authorities place relatively lower priority on the objectives of GEF projects than Bank loans and investments. Typical comments include, “The government is happy to take a grant for biodiversity, but would not consider taking a loan”; “The line ministries are enthusiastic about the project, but the finance ministry places a lower priority on environmental projects;” and “The Bank country director is not as interested in GEF projects as in his regular portfolio of economic investments.”

One test for the perceived relevance of the GEF portfolio to the Bank, and indirectly to the country, is the treatment of environmental objectives in the Country Assistance Strategy (CAS). In the regular Bank forest portfolio countries, only 22 percent of forest project countries and 33 percent of threat countries had satisfactory ratings in terms of mentioning environmental issues in a meaningful way. The 1997 study of GEF overall performance also found that half of the ten CASs examined in countries with GEF projects made no mention of GEF or global biodiversity conservation (GEF 1997a). While recent guidelines require inclusion of environmental issues in CAS preparation, the quality of analysis and commitment in the context of global environmental priorities indicates a lower priority status compared with economic objectives.

The situation is similar at the country level. Global environment is recognized as important, but secondary. Of the 121 countries that have received biodiversity Enabling Activities Grants, 28 have completed their National Biodiversity Strategic Action Plans (NSBAP) and 20 had drafted them as of March 31, 1999.⁹ Although these plans are mandated by the signatories to the Biodiversity Convention, many countries did not take them up until strongly encouraged to do so by the

TABLE 2.3. PROJECTS WITH EXPLICIT LINKAGE TO CAS

Year(s)	Number
1991-1993	0 of 10
1994	1 of 5
1995	4 of 7
1996	3 of 7
1997	5 of 7
1998	5 of 7
1999	1 of 1
Total	19 of 44

Note: These projects are, in chronological order: Indonesia, China, West Africa, Mali, Senegal, India, Indonesia, Madagascar, Argentina, Honduras, Nicaragua, Sri Lanka, Zimbabwe, Uganda, South Africa, El Salvador, Ghana, and Central Asia Region.

Bank or the UNDP and given funds for their completion.¹⁰ A recent GEF study found mixed results from these Enabling Activities. Key findings from Regional workshops identified constraints of inadequate political support, uncertainty about type and level of output required, uncertainty about how to prioritize strategies and actions, problems of ownership, and activities being driven by donors (Wells and others 1999a).

It is noteworthy, however, that the efforts undertaken by the GEF Secretariat; concerned Bank and country officials; and, perhaps most important, the active NGO conservation community have resulted in measurable improvements in the perceived relevance of forest biodiversity conservation and sustainable forest resources. None of the early Bank GEF projects mentioned the CAS in its design documents. Now over four-fifths make reasonably prominent mention of the projects' linkage to the CAS. Recent Secretariat project review criteria (core commitments, linkages to implementing agencies' work programs, cooperation, and so forth) have voiced the need to include this information. Although this information is not required in project

preparation, that it is highlighted in the review criteria is an indicator of increased attention. While advocates of increased forest conservation are disappointed by the priority placed on global environmental conservation, a comparison of the prevailing attitudes and practices in 1990 and 1999 at both the country and the Bank level indicate substantial progress. This was borne out by the OED country studies.

An analysis of funding provided by GEF to International Development Association (IDA) countries (the poorer countries of the world) and non-IDA countries shows an equal allocation of funds to both (see table 2.4). However, because the World Bank and bilateral donors considerably increased their cofinancing to the poorer countries, these countries received double the amount of GEF-leveraged financing for forest biodiversity and climate change projects.

It should not be disappointing, perhaps, that global environmental concerns play a lesser role in national development priorities. The rationale for the creation of the GEF was to provide a dedicated funding mechanism to finance global costs that, by definition, are not national development priorities. In the attempt to integrate global environmental priorities into national development priorities, it is unrealistic to assume that countries can absorb the long-term costs of global conservation benefits when those costs are too high. These include poorer countries as well as forest-rich countries such as Brazil and Indonesia, where the opportunity costs of extensive conservation are high.¹¹ Integration of global environmental objectives within the development framework, in ways that establish the relevance of biodiversity conservation and land degradation to national agendas, and enable an on-going dialogue over the value and means for funding their global benefits, may be all that is possible at this stage.

TABLE 2.4. GEF FOREST FUNDING FOR IDA AND NON-IDA COUNTRIES (\$ MILLION)

IDA eligibility	GEF allocation	WB/IDA	Host nation	Bilateral	NGO/foundation	Total cost	Total projects (no.)	Average total cost per project	Average GEF cost per project
Non-IDA	185	23	124	16	17	364	25	15	7
IDA eligible	186	160	101	208	14	669	22	30	8
Total	371	183	225	224	31	1,033	47	22	8



Effectiveness of GEF Projects

The Measurement Problem

It is not possible to measure the effectiveness of the Bank's GEF portfolio in an objective, quantitatively reliable, and valid way. Although there are numerous candidates for core indicators, there is no agreed set of indicators to measure the global objectives of biodiversity conservation or sustainable forest management—or any concurrent poverty reduction results. The criteria for developing these indicators, as noted earlier, are still subject to

debate. Despite marked improvements in recent projects, not even project-level indicators have been defined clearly and pragmatically enough to prompt systematic data collection at the project level. In short, the exact results sought, and the means to collect them, have yet to be developed and implemented by GEF, the Bank, or recipient countries.

This study extracted, reviewed, and ranked clarity and quality of indicators in project appraisal documents.¹ The basis for the ranking was the same as that used in evaluation of the non-GEF Bank forest sector portfolio, using the following scale for clarity and quality: 1 = highly satisfactory, 2 = satisfactory, 3 = marginally satisfactory, and 4 = unsatisfactory (Barnes 1999).

The study found that 15 projects had indicators that were reasonably clear, specific, and potentially measurable—satisfactory or better. Thirteen projects were marginally satisfactory, 4 were unsatisfactory, and 12 were highly satisfactory. However, there was no clear indication that these indicators were, or would be, collected and used by project personnel in the field. It was also unclear to what extent project personnel participated in developing the indicators—which was obviously related to the extent to which they might

collect them. No mechanism was identified in collating these indicators across projects so they could be aggregated at a level that could be used to measure the portfolio's actual results. A detailed attempt by this review to identify two potential indicators of area conserved and people directly benefited—gross and imperfect as these indicators are—yielded very unsatisfactory results (see Annex E).

On the positive side, there was evidence of significant improvement over time (see box 3.1). Support for international biodiversity monitoring and mapping activities continues to produce databases of increasing detail and usefulness.² The current requirement that project developers prepare logical frameworks that identify indicators has led to some increase in clarity.

These findings are consistent with previous Bank and GEF evaluations, annual GEF reviews, and NGO critiques. Despite considerable efforts within the Bank and the GEF, project monitoring systems are still weak and do not allow measurement of results.

Project Components and Threat Analysis

Given the paucity of systematic monitoring data on project results, as well as the early stage of many of the

BOX 3.1. EVOLUTION OF PROJECT DESIGN INDICATORS—TWO EXAMPLES

(1993) Goals/Development Objectives: The project objective is to protect and strengthen forest and related ecosystem biodiversity in three zones: Krkonose (alpine meadows), Plava (lowland forests and wetlands), and Sumava (mountain forests) by supporting transboundary nature conservation approaches and developing funding mechanisms for the financial sustainability of the three protected zones.

Goal Performance Indicators: No formal indicators were developed for monitoring and evaluation purposes. An evaluation of the project objectives and an attempt to quantify project results will be carried out at project completion.

(1997) Goals/Development Objectives: 1) Development of a viable participatory management system for medicinal plants operating in the wild. 2) Expansion of ex-situ cultivation and conservation of medicinal plants. 3) Enhancement of knowledge of medicinal plants and capacity development for their management and sustainable use.

Goal Performance Indicators: Number of village action plans being implemented where harvest of medicinal plants from the wild is within permissible limits. 2a) Increase in the number of medicinal plants for which cost-effective propagation and cultivation techniques are available. b) Increase in the number and diversity of medicinal plants propagated and grown in government nurseries. c) Increase in the number of farmers using propagation and agronomic information generated through the project. 3a) Development of guidelines and implementation of protection measures for traditional knowledge and plant resources related to the project. b) New recommendations for strengthening legislation and regulations related to conservation and use of medicinal plants. c) National database developed. d) Increase in number of schools and students exposed to education programs. e) Increase in number of persons with skills related to medicinal plant conservation and use.

projects in the portfolio, an evaluation of project effectiveness had to be limited to examining the quality of the logic and empirical analyses that served as the basis of project design. Guidance from GEF Operational Programs has directed designers of forest biodiversity conservation projects to base project activities on an analysis of threats to the ecosystems to be conserved. Project effectiveness and efficiency are presumed to result from thorough threat analyses, and from the selection of project investments and activities that have the greatest likelihood of containing or reversing these threats.

Projects vary greatly in the extent of their analysis of threats to biodiversity or their means of reaching

other project objectives, such as sustainable poverty reduction and capacity building. While most projects identify some kinds of threats, only a few indicate that they are based on systematic investigations. These records are often found (or lost) deep in project files, where they are relatively inaccessible to implementers. An example of a project that has carried out systematic threat analysis is the Central Asian Project, approved by the GEF Council in June 1999. The project addresses unsustainable fuelwood collection, desertification, and deforestation by including a habitat restoration and reforestation component.³ In addition, it provides for a photovoltaic energy supply to meet energy needs without continuing deforestation, as well as investment

in reforestation of degraded forestlands outside of the reserves to reduce pressure on PAs. This project is representative of recent project designs, which more directly link project design and activities to the threats they are intended to counteract (GEF 1997b).

The threats to biodiversity most frequently identified in project design documents include the following:

- Conversion to agriculture/settlement (Brazil, Madagascar, Panama)
- Mining or oil exploration (Congo, Indonesia-Kerinci, Uganda)
- Unsustainable use of non-timber products/fuelwood (Central Asia, Sri Lanka)
- Overgrazing (India, Kenya, Peru)
- Unmanaged tourism impacts (Poland, Czech and Slovak Republics)
- Large infrastructure/roads/canals/rail (India, Indonesia)
- Exotic species colonization (Mauritius)
- Illegal or uncontrolled logging (Ghana, Indonesia)
- Illegal or uncontrolled hunting/poaching/fishing (Argentina, Cameroon, China)
- Uncontrolled fire (Uganda-Bwindi).

As this list illustrates, identified threats originate from local people's actions, public sector investments, and private or public sector industries. There is widespread agreement that measures to address these threats need to incorporate the following:

- Improved PA management and protection at the local level
- Changes in the behavior of local people that may be causing damage
- Planning and containment of public or private sector activities that pose a threat to biodiversity
- Policy reform to structure incentives toward better conservation
- Increased knowledge of the ecosystem and socio-economic dynamics that affect sustainability.

The recognition of the pivotal role of local indigenous peoples in safeguarding the forest resources in their area, together with increased appreciation for the value of local participation and indigenous rights, has led to the adoption of an increasing number of PA management projects that include local economic development and/or some degree of co-management.

Considered highly innovative a decade ago, these projects were pioneered by international NGOs. With strong support from the GEF, they have now become the norm in PA management. All 34 projects dealing with PAs in the Bank GEF portfolio incorporate elements of these Integrated Conservation and Development Projects (ICDPs).

These projects are increasingly attractive to local governments and donors because they not only address the threats posed by local people to forest biodiversity, but also provide a potential mechanism to compensate local communities for the loss of livelihood that is typically associated with restrictions on resource use and investment in PAs. A recent review of ICDPs in Indonesia:

Why are ICDPs so popular? First, because they offer a simple and intuitively appealing alternative to earlier, unsuccessful approaches to PA management which have come to be regarded as politically infeasible. Second, because ICDPs offer the attractive prospect of contributing to three of the most sought-after goals on the sustainable development agenda: more effective biodiversity conservation, increased local community participation in conservation and development, and economic development for the rural poor. These features seem virtually irresistible to many NGOs, government departments, and development agencies (Wells and others 1999b).

The potential effectiveness of the ICDP approach is widely acknowledged.⁴ In practice, their ability to conserve biodiversity has been challenged in some locations:

Even at this comparatively early stage of implementation, it seems clear that most of the attempts to enhance biodiversity conservation in Indonesia through ICDPs are unconvincing and unlikely to be successful under current conditions (Wells and others 1999b).

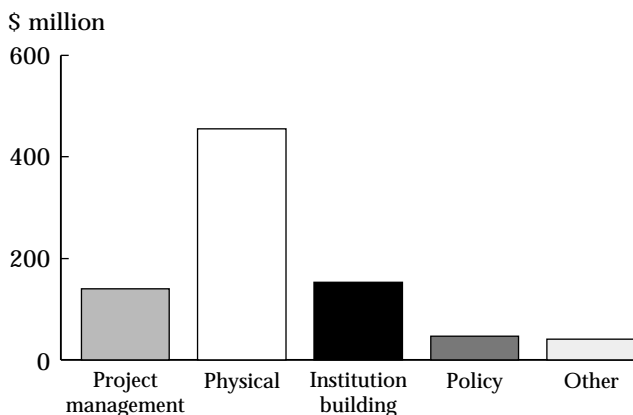
The authors lay the blame for this failure not on the ICDP concept, but on a "failure to address the real threats and capacity constraints that conservation projects face in the field." They point to the need to address regional threats arising from inadequate plan-

ning, enforcement, and policy coordination with other sectors, as well as inadequacies in PA management capabilities.

Other analyses of Bank ICDPs have stressed that this approach should only be used where “one of the primary pressures on biodiversity is from local people living in the immediate vicinity of the protected area” (Sanjayan, Shen, and Jansen 1997, p. 3), rather than from inappropriate policies or outside threats. Most of the task managers and independent experts interviewed agree that linking conservation to integrated local community development is not sufficient in itself to address all major threats to biodiversity. They argue that this is the reason most of the GEF projects with PA management also include substantive components to address capacity building, regional (especially transboundary) coordination, policy reform, and financial mechanisms for sustainable financing. Even in the case of the Indonesia project, the Bank task manager and ecologist argues that while the project was initially slow to activate these necessary coordination and capacity building components, it has now become a success story.⁵

An analysis of the distribution of portfolio investments by type of component reveals that the majority of investment resources have been devoted to activities classified as physical (55 percent) and project management (17 percent). Activities classified as institution building (18 percent) and policy (6 percent) take up most of the rest of project investments (see figure 3.1). While these gross classifications are inconsistently coded by various task managers these figures indicate

FIGURE 3.1. TOTAL FINANCIAL RESOURCES BY ALLOCATED CATEGORY



that most funding is used for field activities, with relatively less attention given to larger intersectoral policy issues. This was particularly true in the Africa Region, where relatively larger percentages of investments went to physical infrastructure and project management than in Asia or Latin America.

This review used questionnaires to get a sense of the effectiveness of the various components from the perspective of Bank task managers and independent observers. As the sample was very small,⁶ no statistical reliability can be claimed for the results (presented in Annex F). The overall direction of the answers would appear to be relatively valid, however, as variance on most responses was low, and the directions of the conclusions were confirmed by interviews with a variety of respondents. Along with the results obtained from the OED country study, these general conclusions have been used as a basis for assessing effectiveness.

Most Bank staff report that the technical, planning, and community activities of PA management and buffer zone/community development have been relatively effective. Although many projects record the normal problems with procurement and counterpart funding, the portfolio has performed reasonably well in “physical” components. Country studies from Brazil, China, and Costa Rica confirm these results, although experience of Cameroon and India shows that problems exist in these areas. Overall, staff assessments indicate reasonably good progress in addressing the forest zoning and planning thrusts of the 1991 forest strategy.

Likewise, Bank staff and outside observers tend to affirm the effectiveness of staff training, NGO collaboration, and community organization. This conclusion is qualified, however, by a generally lower assessment of the effectiveness of capacity building for government forest institutions. Task managers consider projects to have done relatively well with project management, NGO and community collaboration, and staff training, but they are less sanguine about their success in strengthening forest institutions. The successful establishment of separate project management units underscores the inability to effectively work within, and adequately strengthen, the existing forest institutions for biodiversity conservation.

The Project Completion Report for the Bolivia Biodiversity Conservation project illustrates the lack of institutional sustainability that can accompany separate project management entities without adequate government ownership. The project was designed and



Picking Guarana berries. Amazon, Brazil. Photo courtesy of www.fotofinder.net

approved by an outgoing government, but implemented by a new government whose structure and goals were not consistent with the project. The report points out that “the collapse and ongoing instability of FONAMA (the National Environmental Fund) during the life of the project serves to emphasize that unless an institution has clear and unwavering support from the Government, it is unlikely to improve its performance no matter what level of ‘institutional strengthening’ initiative[s] are introduced under a project” (World Bank 1998d). However, some experts point out that the larger gains to sustainable development and democracy obtained by bringing in a new and larger strategy outweighed the demise of FONAMA.

Almost all task managers and observers assess private sector development as relatively ineffective. This assessment is endemic throughout the Bank’s GEF portfolio for forest biodiversity projects. Whereas climate control energy projects financed by GEF are working successfully with private sector commercial entities, the only substantive private sector components in the forest portfolio are at the level of the household farm enterprise. The private sector’s major impact on forest biodiversity is evident in its roles in forest resource use and the associated threats—whether related to medicinal plants, other non-timber forest products, nature tourism, wildlife marketing, large-scale agricultural plantations, housing development, hydroelectric power generation, irrigation, or other infrastructure investments. The recognized failure to work with the private sector despite its major stake in forestry operations and outcomes is a major lacuna in the Bank’s performance. The virtual absence of this sector from the 1991 Forest Strategy appears to have

been a reason for this shortcoming, in addition to the general reluctance of government forest institutions and many NGOs to constructively engage the private sector in biodiversity conservation.⁷

Both task managers and independent observers give high marks to the Bank for its handling of participatory policy issues in the GEF forest portfolio. The support provided for community co-management approaches, public participation mechanisms, and measures to address indigenous rights are policy innovations for which the Bank’s GEF portfolio takes justifiable credit, although this support can also be found in the Bank’s regular portfolio. It is noteworthy that independent NGOs, although ready to concede that the Bank has supported more participatory innovations in the GEF portfolio than it has in other sectors, severely criticize the Bank for not going far enough on this issue. The advocates for indigenous rights would like to see the Bank insist on far greater land and resource security, an opinion that is shared by a number of Bank staff. They note that the GEF also requires that its projects be “country-driven” and cite limitations in their clients’ willingness to devolve government tenure rights over forest and biodiversity resources (see later section on participation for examples.)

The GEF sustainable use policy initiatives are also ranked highly by most Bank staff and outside observers. These initiatives include project activities that link livelihoods to conservation and the introduction of conservation incentives and sustainable use in biodiversity projects.⁸ In both China and India, the Bank’s GEF project is credited with scaling up pilot efforts to link local livelihoods with conservation actions (called “ecodevelopment” in India) to mainstream national and provincial approaches to protected area management. In Brazil, the GEF project has supported development of products such as nuts from extractive reserves. These kinds of enterprise and co-management approaches—while falling short of the demands of progressive NGOs—have substantially increased the role of local communities in setting forth conservation planning and accepted use of forest resources. This use is usually associated with non-timber forest products, limited grazing, ecotourism, or alternative sources of income, but in a number of countries (such as Ghana, India, Indonesia, and the Lao PDR) it also involves sustainable harvesting of trees in designated buffer zone forests according to approved management plans.

The most ineffective components identified by the

largest number of Bank staff are those associated with financial sustainability. Attempts to increase user fees, taxes and royalties, and private sector financing have been disappointing. As the following discussion of financial sustainability issues concludes, however, the successful trust funds are among the most sustainable and innovative results of the Bank's GEF portfolio.⁹ Aside from these, the only reliable source of funding has been the allocation of limited government budgetary resources.

Performance and Safeguard Ratings and Covenants

Bank task managers are required to rate projects' implementation performance on the basis of supervision missions. These ratings examine overall progress as well as a small number of process indicators, such as provision of counterpart funds, project management, and procurement. Only two projects received an unsatisfactory rating for project management and counterpart funds: Cameroon and India. Four projects—China, Costa Rica, Turkey, and Uganda—received highly satisfactory ratings. The remainder were judged satisfactory. This distribution compares favorably with the rest of the Bank's forest portfolio and suggests that the performance of GEF projects, as measured by these gross indicators, is at least as good as that of other Bank projects in the forest sector. However, the overall view of the GEF Secretariat and Monitoring and Evaluation team is that the project ratings may be inflated. They question why some projects do not get unsatisfactory ratings in the areas of project management and counterpart funds when these funds have been used for non-project purposes and the government has given concessions for mining and forestry in key protected areas under GEF support.¹⁰

Problems encountered in implementation were those common to all Bank projects—delays in start-up, counterpart funding, staff assignment and recruitment,¹¹ procurement, and the like. As with other Bank projects, specific management covenants were signed at project approval to serve as conditions for project effectiveness. In the view of some task managers, these covenants have been useful in increasing the seriousness with which recipient countries approach their responsibilities under the GEF grant program.¹²

Task managers also rate performance on a few key social Safeguards, including resettlement, environmental assessments, and women in development. There are no unsatisfactory ratings on any of these dimensions in

any of the projects examined. It is noteworthy, however, that a majority of projects do not give any rating for these social dimensions. Some Regions of the Bank (for example, South Asia) are setting up and maintaining their own databases to monitor social development and Safeguards. For most of the Bank, however, the existing monitoring of these important social dimensions appears to be very inadequate—especially since so much attention has gone into increasing participation at the project design stage.

Given that indigenous and other ethnically vulnerable peoples are disproportionately affected by GEF projects in remote PAs, where many of these peoples live, the application of due diligence in examining social and environmental issues becomes especially critical. In two cases (India and Mexico), the Bank's Inspection Panel was called upon to make a preliminary investigation into local allegations of failure to follow the Bank's Operational Directives on resettlement and indigenous peoples. While these allegations were found unworthy of a full inspection, they indicate the sensitivity of these projects to social issues regarding indigenous peoples and their rights, compared with the rights of the state to protect areas for conservation. In at least eight of the projects examined, outstanding questions on these issues led to specific covenants.¹³

Five of the projects analyzed included covenants requiring some form of environmental action. The Indonesia Biodiversity Collections project successfully complied with the requirement to prepare an environmental health and safety action plan. The Cameroon Project complied with the requirement to create a legal instrument prohibiting forest exploitation in the five project sites and to prepare implementation contracts with NGOs. In the Philippines Conservation of Priority Protected Areas Project, as of December 23, 1998, the borrower had partially complied with the requirement to issue presidential proclamations declaring eight of ten project sites protected areas. In the Indonesia Kerinci Seblat project, the government complied with covenants ensuring that any logging permits would include creation of biodiversity management zones next to the PA and that mining concessions lacking significant economic potential would be terminated. But the government has yet to comply with covenants on road construction; and the zoning plan is complete. The India project's covenant requiring each state to "ensure that activities outside the scope of the project shall not undermine effective biodiversity conservation

within the PAs or implementation of the ecodevelopment strategy under the project” has also been followed by the government.

Covenants on indigenous peoples and resettlement are found in six of the studied projects. The Honduras, Nicaragua, and Indonesia Kerinci Seblat projects have all made commitments to complete and carry out indigenous peoples development plans.¹⁴ The Philippines project includes three covenants that deal with delineating ancestral domain claims and issuing certificates for ancestral lands to indigenous peoples. This has achieved partial compliance, although the country’s new Indigenous People’s Law and the complexity of demarcation and of applicable laws has delayed full implementation, so that only one claim had been approved as of December 23, 1998.¹⁵ In the event that resettlement is required, the Honduras project agreed to “prepare and furnish to the Bank and UNDP a resettlement plan for affected persons.” In the case of India, one of the contested covenants required the government to “take all necessary actions to ensure that the project activities shall not erode the customary tenure rights over land and other assets of the tribal population in the PAs” and another required that “each project State shall, in pursuing the objectives of the project, not carry out any involuntary resettlement for any people resident within the PAs.”¹⁶

The Bank’s Safeguard policies on resettlement and indigenous peoples are being rewritten. A number of task managers are concerned that their scope will be so broadened that the Bank will not be able to engage in any projects in protected areas where local peoples’ rights have been, or will be, curtailed at any time in the past or future, since conservation almost always

involves some reduction in unrestrained use of forest resources. For example, it has been proposed that any resettlement prior to or after the completion of a project would also be subject to Bank Safeguards. Such a stringent revision of Safeguard policies and their application would have a major impact on the Bank’s ability to continue implementing forest biodiversity projects with GEF or other Bank funds.

Aside from the inadequacies of the Safeguards monitoring system, GEF project information has been treated separately and unequally. GEF performance and Safeguard data, as well as basic project data, for projects that are not fully blended with Bank projects have not been maintained in regular Bank databases.¹⁷ Similarly, there have been only three Quality Assurance Group (QAG, within the Bank) reviews of GEF-funded projects. Because the GEF portfolio is still young, only eight Implementation Completion Reports (ICRs) have been done.¹⁸ While the new databases and initiatives of QAG and Bank operations are apparently being designed to address this problem, the lack of integration of information reduces both internal oversight and access to learning. As one task manager explained, there are fewer managerial flags to signal performance problems with GEF projects than with the regular Bank portfolio, resulting in fewer incentives to devote resources to project supervision and quality control. Given the Bank’s increasing attention to social development issues, any reduction in attention to GEF projects is cause for concern. It will be critical to evaluate the new information system databases to ensure that they are fully integrated and to continue developing better means for monitoring social development objectives and Safeguards.



Sustainability of GEF Projects

Financial Sustainability

By their nature, GEF forest biodiversity conservation projects are likely to be at a disadvantage with regard to financial sustainability. Conservation of forests, especially in the short to medium term, can only compete with forest harvesting and alternative land uses such as agriculture if there is significant asset appreciation of forest “capital.” Compelling arguments have been made for the value of undiscovered genetic material, as well as unmeasurable

ecosystem benefits that may provide financial or economic gains commensurate with the use values forgone. Nevertheless, they remain highly speculative. Likewise, low-impact use—such as ecotourism or brazil nut collection—has not yet proved to provide nearly as high an economic return as logging and land conversion to agriculture, except in a few specialized cases and instances of high tourist revenue. The Brazil country study documents the comparative advantage of agriculture and plantation crops over natural forest product extraction and the high cost estimates of benefits foregone by the conservation option.

In addition, GEF projects, by definition, fund the incremental costs of forest conservation that provides global, rather than national, benefit. That is, the GEF funds project components that, at least theoretically, would not otherwise receive funding from government or commercial sources—although they could receive funding from other international donors. While there once was a rather naïve assumption that a project’s “country-driven” requirement would lead the country

to assume responsibility for the financial sustainability of the project after five years of GEF/Bank support, a more realistic understanding of the issues underlying long-term financial sustainability of the conservation effort is now emerging. Increased donor coordination, diversification in funding, income-generating activities at the local level, and support for the creation of structures to channel funds from nongovernmental sources are among the options explored by some agencies. In addition to highlighting the need for longer and more flexible project terms (Porter and others 1998; GEF data), the GEF has embarked on a study to review the issues surrounding the sustainability of biodiversity conservation (Smith and Martin 2000).

An assessment of the treatment of financial sustainability issues in the reviewed portfolio reinforces the need for urgent attention to this issue. In the 44 project documents, financial sustainability is most often pegged to the establishment of trust funds. These funds usually combine grants for operating expenses with

endowment funding, which provides long-term interest income. Beyond such trusts, financial sustainability is treated more as a long-term goal than a concrete project objective with mandated activities. Most projects either neglect issues of financial sustainability or deal with them in vague terms. The most common method of dealing with the issue is to prescribe a study on trust fund feasibility or alternate sources of financing. Table 4.1 identifies the financial sustainability mechanisms found in project documents.

Trust Funds

The use of trust funds to establish perpetual endowments to finance the incremental costs associated with forest biodiversity conservation has been a significant innovation in the conservation donor community. The GEF and the Bank have played an important role in legitimizing—as well as providing the capital for—a number of these trust funds. In the process, lessons were learned that have been incorporated in recent trust fund design. These lessons encouraged the GEF to continue financing these initiatives after several years of not supporting trust funds (see box 4.1).

Given the recognized contributions of trust funds and their potential as a sustainable source of financing, are other mechanisms and approaches needed to finance conservation? As a rough rule of thumb, endowment trust funds are unlikely to be able to use more than 5 percent of their capital annually (assuming an average rate of return of 8–10 percent, with 3–5 percent reinvested to keep up with inflation). This means that even with a \$20 million trust fund—an average goal in the projects reviewed—it is unlikely that more than \$1 million will be available on an annual basis. While conservation trust funds can provide a substantial permanent source of financing for a notoriously underfunded sector, this funding remains woefully inadequate for dealing with all of the global biodiversity conservation needs pointed out in the 1991 Forest Strategy.

Other Mechanisms for Financial Sustainability

Visitor fees, lodge and guiding concessions, and direct taxes have been identified in project documents as possible sources of additional financing. Their identification as mechanisms for sustainability has been surprisingly low, however, with only five projects referring to the use of fees. With nature tourism one of the fastest-growing global industries, nine projects refer to potential financing from tourism, but few have

TABLE 4.1. FINANCIAL SUSTAINABILITY MECHANISMS IDENTIFIED IN PROJECT DOCUMENTS

Mechanism	Projects containing these mechanisms
Trust funds	15
Studies to identify mechanisms	11
Trust fund studies	6
Nature tourism	9
Park fees	5
Concessions	5
NTFP and game harvesting	3
Taxes	1
Other	21

concrete policy initiatives to overcome traditional government management of visitors. A number of projects, such as those in China, Costa Rica, India, and Uganda, have prescribed that studies be undertaken in an effort to develop proactive policies for tourism and visitor management. However, most projects have not directly engaged the private sector tourism industry in developing policies and facilities that could increase benefits to conservation and local communities through fees and linked income-generating opportunities.

Investments in local community and household enterprises designed to increase their conservation role have tended to be more concerned with sustainability issues. Most of these programs have tried to develop participatory methods for local communities to identify investments and income opportunities linked with conservation—such as ecotourism, non-timber forest product development, or alternative non-forest resource-based employment—that have the potential to be self-sustaining. In theory, these improvements in the livelihoods of local people will continue to reduce their pressure on forest biodiversity and strengthen their resolve to work for conservation. In practice, this assumption has been challenged, and the empirical data are not yet available to draw any firm conclusions over the long term (Wells and others 1999b). In the short term, most task managers and NGO observers conclude that some of these community and household investments do appear to provide a more sustainable basis for increased community cooperation in conservation, as well as poverty reduction. The key to their overall effectiveness seems to lie in the degree to which they are directly linked to conservation and local populations are able to deal effectively with internal and external threats (see also Sanjayan, Shen, and

BOX 4.1. CONCLUSIONS FROM *EXPERIENCE WITH CONSERVATION TRUST FUNDS*

Trust funds have made impressive accomplishments in the areas of (a) supporting protected areas, including enabling the creation of new national parks, expansion of existing areas, and providing a basic “resource security” for their operations; (b) generating and managing financial resources; (c) enabling the participation of civil society institutions in resource conservation; (d) increasing the level of scientific research applied to conservation issues; and (e) increasing public awareness of conservation issues. Uncertainty remains, however, about trust funds’ ability to demonstrate

long-term biodiversity conservation impact. In part this is due to the difficulty of measuring biodiversity impact, and of attributing impact to a particular intervention, especially over the short term. It is also true that trust funds generate relatively small amounts of resources in relation to national conservation needs (p. vi).

The overall success of conservation trust funds depends on their ability to participate in developing national conservation strategies, to work with other public and private agencies to develop agile and effective management approaches, and to nurture community groups and other organizations

becoming involved in biodiversity conservation for the first time. To succeed, trust funds need the governance structures, staff, and technical support to allow them proactively to influence their environment, monitor their results and learn from experience, maintain credible and transparent procedures, and support participatory approaches to conservation and sustainable development (p. vi).

GEF should continue to finance conservation trust funds when the necessary circumstances are met. Four conditions are essential:

- The issue to be addressed requires a commitment of at

least 10-15 years;

- There is active government support for a public-private sector mechanism outside direct government control;
- A critical mass of people from diverse sectors of society can work together to achieve biodiversity conservation and sustainable development; and
- There is a basic fabric of legal and financial practices and supporting institutions (including banking, auditing and contracting) in which people have confidence (p. ix).

Source: GEF 1999b.

Jansen 1997; India Ecodevelopment Project Document data). Many projects have failed to make these linkages adequately.

Sustainable Use and Forest Strategy

Issues of ecological sustainability are also associated with community investment programs in the GEF projects.¹ In 15 cases, PA projects have included some form of sustainable use of forest areas and products as components to deal with local communities residing in and around PAs. For example, Ghana has a pilot collaborative forest management component in savanna woodlands, and Lao receives support from the GEF for its organizational framework of a sustainable forest management initiative. In addition to nature tourism, which can have some negative impacts on

biodiversity despite being non-extractive, these components include non-timber forest product harvesting, plantations, and management of community forests in buffer zones. This management may include small-scale thinning or logging based on approved management plans (as in Honduras, India, and Indonesia). While ecologists associated with the projects in-country are usually assigned to determine the ecological sustainability of such extractive activities, few projects have an adequate scientific basis or the requisite data to ensure that there will be no major ecological impacts. However, as most analyses point out, the alternative would likely be much larger adverse impacts from unmanaged extraction.

This dilemma underlies the 1991 Forest Strategy’s ban on logging in tropical moist forests. There is a vast

amount of biodiversity in the more than 90 percent of forestland outside the protected areas. These forests also serve critical ecosystem functions in maintaining corridors, genetic variability, and buffers for the conservation of biodiversity within PAs. Providing managed access to these non-PA forests, including access to trunks, as well as branches, nuts, and flowers, is a major strategy to reduce pressure on PAs and to extend biodiversity conservation to the currently neglected forest resources of the world. The 1991 ban, however, has heavily constrained projects from directly addressing these issues in tropical moist forests.

Until recently, the GEF had not defined a policy on logging and sustainable use independent of the Bank's 1991 Forest Strategy. But it has not financed any logging in tropical moist forests and has avoided projects in which this is a component, except where there are small-scale community forest activities in buffer zones. Nevertheless, the GEF has supported sustainable use of non-timber forest products and is looking for means to expand these activities in ways compatible with biodiversity conservation.

In an effort to define a clearer policy on logging and sustainable use, the GEF is working with international forestry and conservation institutions such as the Center for International Forestry Research (CIFOR) and the Wildlife Conservation Society (WCS) to develop a basis for a policy in early 2000. An interim set of "Guiding Principles for Projects Associated with Logging" has been issued (attached as Annex B). These guidelines state that "Logging in primary forests, however, will not be supported by GEF." This is an even more conservative ban than that outlined in the 1991 Forest Strategy; it extends to temperate as well as tropical moist forests. These interim guidelines also ban financing for activities associated with sustainable forest management, such as the cost of certification schemes, restoration of habitats after logging, and the costs of commercial, industrial timber plantations and tree farming systems. However, the GEF has supported "small, pilot, local community-based demonstration projects" and the mainstreaming of biodiversity considerations into the forest sector. The guidelines—in conformity with the 1991 strategy—also encourage policy reform for sustainable forest management, mainstreaming biodiversity considerations into broad land-use planning, participatory forest management, strengthened monitoring, sustainable harvest of non-timber forest products, and nonconsumptive uses such as tourism (GEF 1999c).

Evidence from the Bank's GEF forest portfolio indicates that the GEF has avoided logging in tropical moist forests. In its interim guidelines, the GEF reaffirmed the 1991 strategy by carrying it one step further, to cover all primary forests. It is generally agreed that these policies have allowed the Bank and GEF to maintain widespread support among conservation NGOs and to avoid the intense controversy generated by Bank forestry projects in past decades. But the question remains whether these policies have also constrained the Bank and GEF from addressing effectively the substantial issues surrounding biodiversity conservation in forest areas outside PAs. The sustainability of conservation of global forest biodiversity may require incorporating these vast managed forest areas within conservation efforts for the biodiversity they contain, the connectivity they provide, and the potential source of renewable financing that they offer.

A new approach for the GEF and the World Bank in addressing biodiversity conservation in private lands is the Ecomarkets project in Costa Rica. This project was approved by the GEF Council in December 1999. The \$60.23 million project is designed to increase production of environmental services in Costa Rica by supporting the development of markets and private sector providers for services supplied by privately owned forests, including protection of biological diversity, greenhouse gas mitigation, and provision of hydrological services. The global environmental objective, to which GEF allocated \$8.33 million, is to foster biodiversity conservation and preserve important forest ecosystems through conservation easements on privately owned lands outside of PAs in the Mesoamerican Biological Corridor in Costa Rica (GEF 1999e). This project clearly marks a new approach to providing incentives to conserve and sustainably manage resources, making it a prime demonstration project, offering the GEF and the World Bank the opportunity to extrapolate valuable lessons. Once implementation begins, it will be interesting to see how the conceptual framework evolves on the ground. Creating markets for sequestered carbon and monitoring compliance of environmental service contracts are among the activities that will require new skills in addition to those required for traditional PA projects.

Cofinancing Conservation

Based both on the mandates of the 1991 Forest Strategy and GEF goals, GEF grant funding is intended to

BOX 4.2. LAO PDR FOREST MANAGEMENT AND CONSERVATION PROJECT

The overall objective of the project is to assist the government of Lao PDR in implementing new forest resource management systems to better achieve the sustainable management and conservation of the country's resources through (1) supportive legal, policy, and organizational components, (2) human

resource capacity for staff at all levels, and (3) local management, planning, and administrative infrastructure development. The component funded by GEF (this is part of a larger World Bank project) focuses on establishing and managing protected areas and on planning and implementing community participatory programs in and around them.

The project has been

in effect for five years. According to the project status report dated 6/9/99, "the most noteworthy achievement to date is the strong partnership fostered with other agencies, including mobilization of well-qualified and experienced conservation advisors (VSA, U.N., and German volunteers). Supplementary Danish-funded grant financing is being provided to develop a field

biodiversity monitoring system and conservation awareness program in Xe Piame. In this context, the GEF-funded subprogram has been able to leverage considerable additional donor support. Both subprograms have developed close working partnerships with experienced in-country NGOs to build capacity and strengthen field implementation."

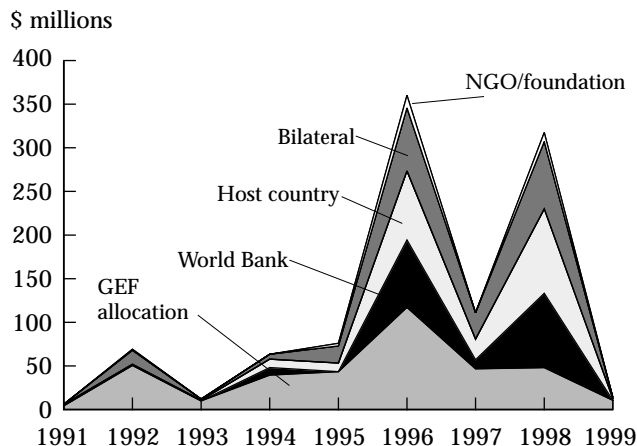
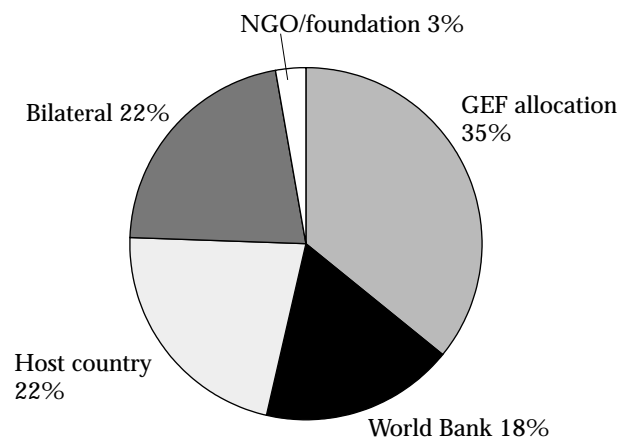
leverage increased cofinancing from implementing agencies and other sources (see box 4.2).

Increased implementing agency and host country cofinancing serve as indicators for mainstreaming biodiversity conservation, as well as a means to gauge the potential for financial support following the completion of GEF projects.

Figures 4.1 and 4.2 depict the sources of cofinancing of portfolio projects in absolute amounts and as a percentage of total project costs. These figures show that the Bank and the GEF have been successful in progressively increasing the percentage of cofinancing

from less than one-third in the early 1990s to two-thirds by the late 1990s. Most of the increase in this cofinancing has come from bilateral donors and host country sources. World Bank cofinancing also increased in the later years, but less dramatically.

The GEF coordinating unit in the World Bank has argued that this relatively small—and highly variable—increase in direct Bank cofinancing applies only to "blended projects," projects in which both the GEF and the Bank provide direct financing. Taking into account the biodiversity components of other Bank projects, the coordinating unit calculates that as of June

FIGURE 4.1. COFINANCING**FIGURE 4.2. PROPORTIONAL COFINANCING**

1998, the Bank had leveraged close to \$2 billion for biodiversity components (World Bank 1998b). Since this amount includes cofinancing from host country and other donor sources, a more useful figure would be the \$650 million in Bank funds allocated to biodiversity. Since the amount includes non-forest biodiversity as well, it would need to be further reduced to render it comparable with the analysis here (World Bank 1998b). Even if Bank cofinancing is somewhat less than implied in this analysis, it is evident that the Bank is providing approximately \$1.50 to \$2 for each grant dollar provided by the GEF. The Bank is also helping to leverage substantial additional host country and donor funds to fulfill this policy goal.²

Given the future unpredictability of donor financing for conservation, the most critical element in the cofinancing picture is the role of host country financing. The figures show an encouraging increase. Host country contributions by India and Madagascar were \$19 and \$31 million respectively in 1996, and South Africa's contribution totaled \$69.90 million in 1998. In the case of South Africa, valuations of government land and facilities, as well as a substantial private trust fund, greatly boosted the registered cofinancing. Subtracting these cases from the analysis leaves a more modest level of host country cofinancing, on the order of \$2 million per country. Since this figure includes the baseline financing for the project sites and activities prior to Bank GEF financing, it is not evident whether it can be read as a country commitment to taking over the additional global costs being borne by the GEF. Instead, comments by task managers and some country officials in the case studies suggest that it is unlikely that host countries will be able to assume the global conservation costs of the project at its completion.

The same conclusion is reached by the Bank analysis of Integrated Conservation and Development Projects (ICDPs) in Indonesia, where the Asian financial crisis further undermined potential increases in government support for forest biodiversity. The authors state that "biodiversity conservation in Indonesia and most other developing countries is clearly going to require substantial external subsidies for as long as there is still some biodiversity left to protect" (Wells and others 1999b). A less pessimistic conclusion is

reached in a recent study of financial mechanisms for sustainable forestry commissioned by the United Nations Development Program (UNDP) (Moura and others 1999). The authors of this study point to the new mechanisms that have been, and are being, developed for financial sustainability (such as trust funds, visitor fees, conservation easements, tradable carbon sequestration, biodiversity royalties, and watershed services) as sources of long-term financing. With regard to the GEF, they conclude:

Nevertheless, GEF is and will continue to be an important financing mechanism for forest conservation. What appears to be beyond GEF's current possibilities, is to play [sic] a major financing instrument for solving the complex problems of deforestation and forest degradation, not to mention the sustainable development of forest-dependent human communities, in required scale (para. 213).

Although they represent a very small fraction of the financial resources involved in GEF and forest biodiversity conservation projects, conservation-minded NGOs and private foundations have played a disproportionate role in leveraging GEF, Bank, host country, and other donor funding. Local and international NGOs were involved in the design of 80 percent of the projects in the Bank GEF portfolio, and in many cases initiated the projects as well as playing a major role in execution (see the later discussion of participation). NGOs and private foundations have also played a critical role in developing many of the innovative models for ICDPs, rapid biodiversity assessment methodologies, database structures, and participatory approaches that have been embedded in many of the Bank GEF projects. It is their voice that continues to dominate global discussions of policy and to goad their governments in both the North and the South to continue providing financing for conservation. It may be reasonable to speculate that NGOs' strong continuing advocacy of conservation will do more to ensure sustainable financing for forest biodiversity—including the continuation of the GEF—than any other mechanism currently available.



Social and Institutional Issues

P olicy Synergy

The Bank's increasing emphasis on stakeholder participation in projects, signaled by the establishment of the Participation Learning Group in the early 1990s and the publication of a Participation Sourcebook in 1996, was reinforced by strong policy guidelines issued by the GEF Council in 1996. Titled *Public Involvement in GEF-Financed Projects*, these guidelines were applicable to all implementing agencies (GEF 1996b). While stressing local community

participation, the guidelines were explicit in calling for the participation of all major stakeholders in project design and implementation. These policy initiatives—which reflected innovations introduced by NGOs at the end of the 1980s—led to a noticeable change in the rates of participation throughout the review period. This change is correlated with alterations in project design, with increasing numbers of ICDPs addressing both biodiversity management and local population concerns.

Changing Approaches to Participation

Early projects in the 1991–95 period tended to focus on working with nascent environmental agencies that needed to build capacity and develop national environmental plans and management systems for protected areas (for example, ECA projects). Other projects in this period focused on working with research institutions to train scientists in sampling and survey techniques (Indonesia Biodiversity Inventory, Belarus). While it was recognized with hindsight that even large-scale planning activities would greatly benefit from stakeholder participation, few of these earlier projects incorporated participatory elements in either their design or implementation.

The cluster of projects implemented in the Europe and Central Asia (ECA) Region¹ during the first years of the GEF exemplify the way participatory activities were often structured. These projects generally provided institutional support to national organizations, and a number of protected areas were identified as the focus of the field components. The activities designed for the communities generally focused on public awareness campaigns that highlighted the importance of protected areas and biodiversity values, and participation was limited to regional consultations to provide information on proposed park changes. In general, emphasis was given to building awareness and garnering support from the NGOs, and not necessarily from the communities in the protected areas. The Ukraine ICR states that “local communities approved reserve expansion. Approval occurred at the local political level and not necessarily based on good understanding of the issues by the local community.” Similarly, the Belarus ICR suggests that “participation would have been more effective if the social assessment had been done earlier in the project and not the last year of implementation” (World Bank documentation).

The learning process illustrated by these early

TABLE 5.1. PARTICIPATION IN PROJECT STAGES (PERCENT)

Stage	1991-95	1996-99	Total (all projects)
Objectives	9	30	40
Design	27	36	65
Implementation	18	45	65
Evaluation	11	16	28

projects has been incorporated into new project design, according to task managers working on the next generation of GEF projects in the ECA Region. The new Central Asian and Russian projects have incorporated much broader stakeholder participation and focus a larger portion of their project activity on the concerns of the local population in key PAs. Given that the early projects were among the first for the Bank and for these newly emerged countries, the openness to learning that is reported is in itself a valuable contribution of the portfolio.

During the period of the 1996 approval of the new GEF participation guidelines, there was a noticeable increase in participation in project design and implementation. As shown in table 5.1, participation elements increased markedly in design and implementation.² However, insofar as these elements are captured in project design documents, they still remain below 50 percent, and in the case of participatory evaluation, are still less than 20 percent of all GEF projects. Very few projects (9 percent) in the early years include participa-

tory elements in their objectives. This changed after 1996, and some later projects (Honduras, India, Indonesia Kerinci, Senegal) have extensive participatory components. In some highly participatory projects, the incorporation of stakeholders in design and implementation is mainstreamed with sufficient thoroughness that participation is no longer mentioned as a separate objective.³

An examination of participation rankings for level and breadth by Region showed that the Asian and the Latin American Regions scored marginally higher (5.3) than Africa (4.7). ECA has the lowest ranking (4.0), but most of the projects in that Region were designed and implemented in earlier years, as discussed above. In discussions with task managers from all Regions, there was unanimous support for the value of increasing constructive participation in design and implementation, although some task managers expressed frustration with the limited time and resources available to carry out this task, as well as at the negative attitudes of some NGOs toward any Bank project.

There was very little reference found to participatory monitoring, and even less to participation in supervision mission reports. While discussions with task managers indicate that there is more participation in supervision and evaluation than is reported, the existing formats (PSRs or the old 590s) do not include detailed data on these activities. Participatory monitoring was mentioned in less than one-third of the projects, and only one-twelfth of the recent supervision reports

BOX 5.1. SOCIAL ASSESSMENTS

The case of Argentina (Biodiversity Conservation Project 1997, in association with the IBRD-financed Native Forests and Protected Areas project) illustrates how more recent projects deal with park creation in areas with human settlements. There is a greater emphasis on

preimplementation participatory planning with methods such as social assessment. The team designed and carried out a targeted census, surveys, interviews, and workshops to assess local interests in and conditions for establishing new protected areas.

The social assessment team consisted of an agronomist, a sociolo-

gist, and a psychologist with a specialization in organizational development and conflict resolution. They consulted with all families and communities in the core zones and a cross-section of the communities in the buffer zones. Findings and recommendations from the social assessment produced two plans—the mitigation plan and the

public participation and training plan—as well as a new participatory approach to implementing both plans (World Bank 1998e). A local social assessment and public participation specialist was hired to conduct social assessments throughout the project (GEF 1997c, p. 60).

TABLE 5.2. PARTICIPATORY METHODS

Method	Projects that employ method (percent)
Workshops	67
Surveys	53
Social assessments	47
Informal interviews	42
Participatory rural appraisals (PRAs)	35
Advisory groups	28
Beneficiary assessments	21
Needs assessments	14
Focus groups	14

mention participation issues.

Over the review period, projects have increased the number of methods employed to facilitate participation. Many have hired social scientists to design and monitor participatory project elements. The number of participatory exploratory workshops before project implementation has also increased (see box 5.1).

While the study did not aim to assess the level of quality of each method, table 5.2 identifies the percentage of total projects that employed various participatory methods.

Identifying the Stakeholders

While participation of some key players, notably local communities, has increased throughout the review period, systematic identification and participation of all key stakeholder groups has been spotty and inconsistent. Table 5.3 identifies the stakeholder groups that were identified in the project design documents. The table demonstrates that local government representatives and both national and international NGOs were identified more often than local communities or their representatives in the form of community-based organizations (CBOs) as being involved in project design. Indigenous peoples were identified in half of the projects—a total not much less than the number of projects in which indigenous peoples are reported. Given the widespread recognition of the crucial role of indigenous peoples and local communities in safeguarding their natural resources, it is encouraging that projects have increasingly shown considerable progress in involving these groups in project design and implementation.

It is disappointing that women's groups were the least often identified. This poor showing is confirmed by interviews and questionnaire responses of task managers. Although there is widespread recognition of

the key roles women play in natural resource use and management in most developing nations, Bank GEF projects have not been able to include women in the process of project design and implementation in almost three-quarters of the projects reviewed. While the impacts of this neglect of women's participation on the achievement of desired results cannot be easily assessed (and the difficulty of increasing women's participation in the face of forestry establishment resistance in many countries must be acknowledged), there is no excuse for not increasing the visibility of gender concerns in future Bank GEF forest projects.

Even more alarming from the point of view of effectiveness, efficiency, and sustainability is the inconsistent and marginal inclusion of the private sector. While Latin America and Africa have made some progress in bringing in the private sector as a key stakeholder, in the remaining Regions only Indonesia appears to have substantive private sector involvement. In Latin America, for example, environmentally progressive business associations and entrepreneurs served as board members in the creation of the Mexican trust fund (1996). In Panama (1997), the project team plans to work with mining concessions to incorporate social and environmental considerations into their extractive operations. In El Salvador (1998), the main beneficiaries are private commercial coffee associations who will switch their agricultural practices to promote biodiversity-friendly coffee, while expanding their market to environmentally conscious consumers abroad.

As noted in the section on sustainability, the private sector is, some would argue, *the* critical stakeholder in fulfilling the GEF and 1991 strategy mandate for

TABLE 5.3. STAKEHOLDERS IDENTIFIED IN PROJECT DESIGN DOCUMENTS

Stakeholders	Projects in which group is identified (percent)
Local district/state government representatives	84
Local NGOs	79
International NGOs/research institutions	79
Community/local resource users	70
CBOs/local associations	49
Indigenous peoples	47
Commercial private sector	35
Women's groups	27

biodiversity conservation. Whether involved in roads, hydroelectricity, industrial expansion, mining, commercial plantations, or in logging and the industries directly dependent on forest resources, such as pulp, plywood, chipboard, wood energy, and nature tourism, the private sector wields substantial resources and carries disproportionate influence in many policy decisions. Issues of corruption and governance are never far from the surface, and have had direct impact on some Bank GEF projects.⁴ Neglecting direct private sector participation in project design and implementation, as many of the Bank's GEF projects have done, invites back door participation and risks undermining project effectiveness and sustainability. Despite the reported hesitation of some government forest departments and NGOs to invite commercial private sector stakeholders to the table, their continuing exclusion carries even higher risk.

The decade-long history of participation in Bank GEF projects demonstrates that the nature of biodiversity conservation responsibilities and governance is changing—if not changing in fact, changing in perception. It used to be common for countries and the Bank to assume that government forest departments were solely responsible for forest biodiversity conservation; it is now evident that many other players have central roles.

The first group to gain international recognition—including recognition in the policies of the Bank and GEF—was the local community. These communities, often consisting of heterogeneous, indigenous groups, were seen as the traditional and natural stewards of the resources of the forest in which (or near which) they live. As understanding of their role deepened, there was increasing recognition that they needed secure rights to resources, as well as incentives to use these resources in ecologically helpful ways. The Bank and the GEF have tended to modify their projects to reflect this understanding, although many in traditional forest services have yet to be convinced of the wisdom of this approach and, as the exclusion of women demonstrates, there is much room for continuing refinement and improvement. Considerable conflict and controversy continues over the degree to which these local

rights supercede national and global rights and responsibilities, and the degree to which local communities can be trusted to conserve and sustainably manage forest resources in a rapidly commercializing world.

The second group to begin receiving international recognition for their critical role in forest biodiversity conservation is the commercial private sector, along with the other sectors of the government with which they work (for example, mining and industries, roads and power, tourism and planning). While the *mitigation* aspects of these groups have long been considered important in achieving the objectives of biodiversity conservation, the *constructive engagement* potential of incorporating private sector entities and their government counterparts is not yet reflected in any but a handful of innovative projects, especially those in Central America. Both the 1991 Forest Strategy and GEF guidance encourage addressing intersectoral policy issues. But both *discourage* direct involvement with forest-based industries in tropical moist forest countries, and neither provides explicit guidance on engaging the private sector effectively. These lacunae could severely curtail the scope of impact and sustainability of Bank and GEF efforts unless they are addressed more directly in the future.

The balance of rights and responsibilities of local and indigenous communities, national and global entities, the private sector, and traditional government line agencies is changing—and will continue to change. Decisionmaking powers over forest resources are being transferred more consciously and explicitly and assumed by local entities and the private profit and nonprofit sectors. The Bank increasingly has access to the tools and partners it needs to engage these stakeholders in more effective policy dialogue, program and project design, and implementation. However, it may require more openness to innovation, more resources for constructive participation, and a longer-term time horizon to facilitate the most equitable and effective balances for the future. Current policies need to reflect these realities and provide safe passage for directors and task managers who want to lead the way to the next decade.



Mainstreaming Within the World Bank and Client Countries

Both the GEF and the World Bank agree that the Bank should be integrating global environmental objectives into its regular lending and non-lending operations (GEF 1998b; World Bank 1998f). This mainstreaming goal is seen by the GEF as consistent with the Conventions on Biological Diversity and Climate Change and as a means for leveraging greater impact. While country mainstreaming of global environmental concerns is not a binding agreement on client countries under the Conventions, it is encouraged by these Conventions, and it is

the result that forms the basis for ultimate judgement of the Bank's own mainstreaming. The Bank states that "the Bank Group is committed to work with its clients in integrating global environmental objectives into their national sustainable development programs, and in meeting their obligations under the global environmental conventions" (World Bank 1998f, p. 1).

According to the 1997–98 *Study of GEF's Overall Performance*,

The World Bank has mainstreamed with regard to cofinancing of GEF projects. However, [the team] found that the Bank has not done as much in its regular portfolio of projects in the biodiversity and climate focal areas as it might have; that it has not taken steps to create the staff incentives necessary to put global environmental concerns on a par with traditional bank business; that it has not systematically integrated global environmental objects into economic and sector work or into the Country Assistance Strategies (CAS) process; and that it has not adequately addressed the impact on the global environment of its financing of fossil fuel power development.

Finally, the team found that the Bank has not yet undertaken programming based on global environmental objectives on any significant scale (World Bank 1998f, p. xiv).

In its response to this evaluation, the Bank claimed "important progress" in mainstreaming both the lending and nonlending services provided to its clients, as well as "in the establishment of 'in-house' mechanisms that are required to make such services global-environment-friendly" (World Bank 1998f, p. 1). The Bank is in the process of developing a strategy for addressing global environmental concerns in Bank policies and programs.¹ This review finds that while there has been some significant progress in mainstreaming GEF objectives and funding within the Bank, there are still critical gaps in practice and perception that undermine the abilities of both agencies to mainstream global forest biodiversity concerns within the country programs where they really matter.

Financing Mechanisms for Mainstreaming

The Bank cites the increase in Bank *and associated co-funding* lending to \$1.8 billion for biodiversity as

the principal indicator of increased mainstreaming, and uses it to show that GEF funding has not displaced regular Bank funds in this sector (World Bank 1998b). As discussed in the earlier section on cofinancing, it is true that direct Bank co-funding of GEF projects increased slightly toward the latter half of the 1990s. In addition, OED's main report found that there have been substantial Bank investments in forestry components in non-forestry projects (World Bank 1998c, p. 5). However, the substantial increase in cofinancing from host country and bilateral sources documented in this review (see figures 3.2 and 3.3 in Chapter 3), although undoubtedly arranged by the Bank, is not in itself evidence of the significant increases in Bank funding claimed. The increased Bank financing of global biodiversity is still modest.

More important, does this amount of total funding from the GEF and cofinancing sources begin to deal with the scale of the problem of global biodiversity conservation posed by the 1991 Forest Strategy and the GEF? There is also a related question: to what extent does financing for national biodiversity—the kind countries are willing to borrow for—equate with mainstreaming *global* biodiversity concerns? Will countries ever be willing to borrow for global biodiversity conservation, especially if they are no longer eligible for concessional International Development Association (IDA) funding?²

Neither the Bank nor the GEF appears to have confronted this issue of the scale and sustainability of funding for global biodiversity with the honest vigor it requires. While there have been some rough estimates of the magnitude of funding that would be needed to conserve significant amounts of the world's forest biodiversity, such estimates have not figured in the operational strategies of either the GEF or the Bank.³ Because these estimates of the amount of additional funding needed for global conservation are usually several orders of magnitude above present funding levels, it is perhaps not surprising that attention has focused on managing the funding now being made available. Furthermore, there is widespread recognition that problems of absorptive capacity in government institutions, as well as the lack of mechanisms for channeling funding to private, nongovernmental institutions, limits the effective amount of funds that can be used at this time. By avoiding more direct engagement with the problems of scale and unwillingness to borrow for investments in forest conservation, the Bank would

appear to be ducking some of the most difficult issues related to long-term mainstreaming of global environment objectives—and thereby its ability to achieve the 1991 Forest Strategy objectives.

Nonlending Mechanisms for Mainstreaming

In addition to financial indicators, the Bank identified five additional mechanisms for mainstreaming global forest biodiversity: operational policies, sector policies and strategies, analytic tools, new products and partnerships, and streamlining the GEF in Bank operations. Operational policies for environmental assessment, natural habitats, indigenous peoples, and economic evaluation of investment projects have all been consistent with both the 1991 Forest Strategy and the GEF's objectives.⁴ While some task managers expressed concern that the ongoing revision of some of the policies, including the policy on resettlement, may constrain future Bank projects or programs from investing in protected areas or indigenous peoples (see Chapter 3), other questions about these policies spring from underlying concerns about the 1991 Forest Strategy itself. These deal with the restrictions on the financing of logging in moist tropical forests and the lack of encouragement for engaging the private sector in the global conservation agenda.

Country Assistance Strategies (CASs) are developed by the Bank with the client countries to serve as the agreed basis for prioritizing Bank assistance. The degree to which global environmental issues are incorporated in the CAS, and the degree to which projects refer to the CAS to place their investment within the overall country strategy, serves as a strong indicator of the amount of policy mainstreaming achieved by both the Bank and the client countries. The review of project documents undertaken in this study to determine the number of projects that identify linkages to their respective CASs shows noticeable improvement in the latter half of the decade (see table 6.1). Since recent Bank guidance requires CASs to include global environmental concerns wherever appropriate, and requires project documents to refer to the CASs, this improvement in nominal mention is not surprising.

However, the Bank admits that few CASs explicitly address global environmental concerns. Passing references to the environment are rarely integrated into the overall economic strategy developed with the country. The Bank attributes this shortcoming to “overriding concerns for short- to medium-term economic problems

TABLE 6.1. PROJECTS WITH REFERENCE TO CASS

Year	Number of projects	Country and project
1991	0	
1992	0	
1993	0	
1994	1	Indonesia Biodiversity Collections
1995	3	Burkina Faso, Côte d'Ivoire (West Africa Project); China; Mali
1996	3	India, Indonesia-Kerinci Seblat, Madagascar
1997	5	Argentina, Honduras, Panama, Senegal, Sri Lanka
1998	4	El Salvador, South Africa, Uganda-PAMUSU, Zimbabwe
1999	1	Kazakhstan, Kyrgyz Republic, Uzbekistan (Central Asia Project)

and low client interest,” “lack of familiarity with analytical tools to analyze the issues, and insufficient knowledge of Bank staff of client country obligations under the global conventions” (World Bank 1998f, p. 16). As an implementing agency directly responsible to its clients, the Bank is forced to be more “country driven” than the GEF, which is one step removed. As such, it appears to have acknowledged more directly the challenges and underlying questions involved in trying to integrate long-term global environmental concerns into short-term economic development agendas. The Bank is willing to ask whether perceived tradeoffs between short-term economic and social needs and long-term environmental concerns are real, and can be realistically bridged through win-win solutions (World Bank 1998f, p. 11). The Bank, however, along with the GEF, appears to back away from looking at the likely answers and their implications for global forest biodiversity mainstreaming within either the Bank or the client countries. It may well be unlikely that global environmental objectives will be fully mainstreamed in either the Bank or many of the client country policies and priorities for the foreseeable future. If so, more realistic goals and strategies may be required.

The operational tools developed by the Bank to support the current commitment to increased mainstreaming include monitoring and evaluation guidelines, a “Global Overlays” Program to integrate global environmental concerns in sector and planning work, and tools to adopt greener accounting methodologies. These are all thorny conceptual issues that lend themselves to developing increasingly complex, and subsequently often unused, tools. As noted earlier, despite improvements in the specification of objectives and indicators over the decade, there is still no consensus on monitoring indicators, and even less consensus on their actual use in projects. The Bank admits that the impact of the Global Overlays Program has been limited. The Bank similarly

acknowledges that despite advances, “few countries have continued to develop and maintain complete Green Accounts,” and it has been necessary to simplify tools to focus on more useful “resource accounts” in key sectors (World Bank 1998f, pp. 17–18). No clear pathway to mainstreaming operational tools for global environmental issues, or more realistic reinterpretation of this goal, has yet been developed.

The Bank has also sought to mainstream global biodiversity objectives through new partnership initiatives with NGOs. These include the Forest Market Transformation Initiative in 1994 (now Forest Trends), the World Bank-WWF Alliance for effective protected area expansion and certified sustainable forest management in 1998 (renamed the Alliance for Forest Conservation and Sustainable Use), and the Critical Ecosystems Partnership Fund to evaluate ecosystem pressures and develop new projects. These initiatives (with the exception of the first), were established so recently that it is premature to evaluate their success. Nevertheless, the substantive progress achieved at the political level in these initiatives could be better matched if more funds were committed for their implementation. Increasing the range of nongovernment stakeholders directly involved in promoting the global biodiversity agenda is clearly an innovative approach that is closely aligned with both the 1991 Forest Strategy and GEF objectives. Successfully attaining results, as well as mainstreaming these efforts, however, may require more work to make these initiatives more inclusive of other NGOs—particularly those from the South—as well as key government stakeholders.

Streamlining the GEF in Bank operations has a mixed record to date. Despite stated intentions to do away with disincentives for Bank staff to deal with the relatively smaller, more processing-intensive requirements of GEF projects compared with regular Bank lending, the major-

BOX 6.1. REGIONAL ENVIRONMENTAL AND INFORMATION MANAGEMENT PROJECT

The Congo Basin Rainforest is the second-largest contiguous primary forest in the world and one of the last three remaining blocks of intact tropical rainforest. With the financial support of the GEF, international donors, NGOs, and national authorities, Cameroon, the Central African Republic, Congo, the Democratic Republic of Congo, Equatorial Guinea, and Gabon are working together to improve planning and management of natural resources in the Congo Basin at the regional and country levels.

National authorities identified the following constraints:

- Existing environmental knowledge regarding the region is poorly shared.
- Not enough well-informed decisions are made in the forestry and environmental sectors.
- Major gaps exist in basic and thematic information on natural resources.
- National capacity to generate and manage information is limited.

As a response, the project seeks to address these issues by:

Ensuring information circulation and optimizing benefits from existing initiatives through:

- Setting up a primary network
- Promoting and harmonizing standards for data collection and integration

- Implementing or improving telecommunication infrastructure, including internet facilities
- Developing information services
- Developing catalogues and rosters.

Encouraging decisionmakers to use environmental information and facilitating sound planning for land use in the Congo Basin by:

- Organizing sensitization and communication workshops for decisionmakers
- Developing user-friendly information tools and elaborating a regional report on the environment
- Developing communications tools for the rural population and the public.

Providing users with environmental information to meet their demand by producing and updating:

- Basic environmental information
- Information on forestry and biodiversity
- Agriculture and rural development
- Geological resources and mining extraction.

Strengthening national capacities

The project has been effective for a year and a half, and two more countries are interested in joining. Funding covers regional coordination activities and individual country work.

Source: GEF 1997d.

ity of staff who were interviewed and who responded to the review questionnaires cited continuing problems and lack of support. These problems stemmed partly from the extra requirements of the GEF (“double reporting is a disincentive”), and partly from the perception that the “GEF added hurdles to project development and the increased public profile of controversies—if cost is not too much, better to look at another source of funding.”⁵

Other sources of disincentives for Bank staff working on GEF projects were described by task managers as a lack of management support, comparable levels of accountability, and integration in internal databases. Typical comments were, “GEF projects need more

support from country directors and Regional management” and “the environment is still not a priority for management in our Region.” Some staff also cited the “lack of disincentives for neglected GEF projects.” With such statements, task managers indicated that there was less internal accountability and review than for other Bank projects (that is, the lack of red flags for poor performance throughout the system). This observation is buttressed by the lack of integration of separate GEF projects in the regular Quality Assurance Group (QAG) reviews or in Operations Evaluation Department (OED) audits—as well as the lack of integration into the database system.⁶

There were also complaints regarding the inadequacy of financial reimbursement for staff time allocated to GEF projects and access to these funds by task managers.⁷ This complaint was most strongly voiced in relation to the new GEF Medium-Size Grants (grants under \$750,000, often to NGOs). Most task managers felt medium-size grants were far too time-intensive and small to realistically allow Bank management to process and manage them. In countries where the national focal points (the designated offices for processing and endorsing GEF proposals within countries) passed on large numbers of proposals, the Bank has found it impossible to deal with the volume. As one task manager said, “we are not a foundation staffed to process a large number of proposals from NGOs and other agencies.”

Balancing this pessimistic view of somewhat frustrated (and overworked) staff, a longer-term view of the changes since the 1991 strategy and the initiation of GEF projects suggests that there has been considerable progress in raising the profile of environmental concerns and integrating project portfolios into more strategic programs of Bank assistance. Most Bank staff interviewed for this review indicated that their goal was to develop GEF projects as part of a larger, strategic approach to addressing conservation and productivity issues in the forestry/natural resource sector. Given the mandates of the 1991 Forest Strategy for developing improved policy frameworks and the increasing recognition of the importance of non-forest sector impacts on conservation, this integration of GEF projects in other ongoing Bank lending is an important indicator of effective mainstreaming.

Integration of GEF projects has taken place along a continuum. At one financial end are the “fully blended” projects in which GEF and Bank financing is fully intermingled. In the middle are “partially blended” projects in which GEF and the Bank finance different components of a single project. At the other end are

“stand-alone” GEF projects that are “associated” with separate Bank projects; it is likely that the projects were designed together, then separated for processing and management purposes. The table in Annex G presents the current list of projects categorized according to these criteria.

The new GEF project in El Salvador illustrates the kind of conceptual integration that was developed for associated projects. The Bank’s agricultural marketing project supports increases in productivity and marketing returns for shade coffee production. The GEF grant provides funding for the incremental cost of increasing biodiversity in coffee grower’s farmsteads by supporting tree plantations and corridors for bird migration. Both poverty reduction and sustainable economic growth and biodiversity objectives have been developed into separate but highly complementary and interdependent projects, which strategically seek to place the country’s primary cash crop on a more environmentally sustainable trajectory.

The Regional Environment and Information Management project in Central Africa illustrates the international cooperation dimensions of mainstreaming success, as mandated by the 1991 Forest Strategy. This project illustrates the growing number of Regional projects supported by GEF (see box 6.1).

Similar examples of international cooperation through regionally developed projects are found in Central and West Africa, Eastern Europe, and Central Asia (see table 6.2). Since GEF projects consist of grants, the Bank has found it much easier to establish regional multi-country programs than it would have if separate loan repayments were required by each borrowing country.⁸ This promotion of international cooperation on forest conservation made possible by the GEF is a significant contribution of the GEF to the Bank’s ability to fulfill another of the mandates of the 1991 Forest Strategy.

TABLE 6.2. INTERNATIONAL COOPERATION IN BANK GEF PROJECTS

Project	Cooperating countries
Mesoamerican Biological Corridor	Honduras, Nicaragua, and Panama
Central Asia Transboundary Project	Kazakhstan, Kyrgyz Republic, and Uzbekistan
West Africa Pilot Community-Based Natural Resource Management	Burkina Faso and Côte d’Ivoire
Eastern Carpathian Biodiversity Conservation Transcarpathian	Poland, Slovakia, and Ukraine
Regional Environment and Information Management Project	Cameroon, Central African Republic, Congo, Democratic Republic of Congo, Equatorial Guinea, and Gabon



Conclusions

The Bank, the GEF, and the 1991 Forest Strategy

Policy Co-evolution

The World Bank's 1991 Forest Strategy emerged in the year that the GEF began its pilot phase. Both the Bank's strategy and the GEF were born out of the same worldwide concern for the alarming loss of primary forests and the biological diversity they harbor. Both agencies evolved along with worldwide development consensus to place increasing emphasis on stakeholder participation and indigenous peoples. Both sought to direct finances, policy

improvements, and moral imperatives toward global priorities of arresting deforestation and conserving natural forest resources. While the Bank's strategy sought to direct this effort largely toward the 20 tropical moist forest countries where it feared the greatest deforestation and biodiversity loss, the GEF developed a wider spectrum of concern for representative ecosystems throughout the developing world. Both agencies banned logging of primary tropical moist forests, and the GEF has—at least for the present—extended that ban to any primary forest.

Both the Bank, in its 1991 strategy, and the GEF have sought a multisector approach to integrating forest conservation and sustainable management within country policies. While the Bank emphasized the benefits of sustainable forest management to poverty reduction, the GEF focused on the global benefits that are incremental to national returns. Both accept that global externalities are to be financed by GEF. Yet both entities have stated that their programs must be country

(client) driven. Both have sought to assert the complementarity of forest conservation and economic development over the long term, although the Bank has voiced more reservations over the extent to which these differing objectives can be reconciled by countries in the short to medium term.

Both the objectives of the GEF and the Bank's 1991 Forest Strategy have been guided and reinforced by, depending on the chronology involved, the Convention on Biological Diversity and the U.N. Framework Convention on Climate Change, as well as by the Rio UNCED in 1992. The GEF is the formally designated financial mechanism for these two conventions. The Bank serves as one (and the largest) of three implementing agencies for the GEF. The Bank's client countries are almost all signatories of these conventions. Thus, the financing and nonfinancing activities of the Bank on behalf of the GEF and its regular program are constrained to follow the guidance of the Conference of Parties carrying out these conventions.

Fortunately, as with the GEF and the 1991 Forest Strategy, this guidance is congruent and reinforcing—although considered to be overly general (Porter and others 1998, pp. 55–56).

Mutually Enabling Roles

There has been close co-evolution and congruence between the Bank's 1991 Forest Strategy and GEF policies. This overlap has allowed each agency to play a major role in enabling the other to implement the common conservation policies and achieve significant (if unmeasurable) results.

Without the GEF's ability to provide grant funding for the additional costs of forest biodiversity conservation associated with global benefits, it is highly unlikely that the Bank could have persuaded its client countries to borrow funds—even on a concessional basis—for these externalities. While other bilateral and private donors are now helping to address this gap, the evidence presented in this review suggests that GEF funding was instrumental in leveraging these funds and has been able to steadily decrease its financing percentage.

Furthermore, the GEF funding allowed the Bank to remain active in forestry policy and fulfill, partially, the 1991 Forest Strategy mandate to conserve tropical moist forests in 16 of the 20 countries identified as policy priorities. Given the ban on logging, the strength of commercial investments, and the tropical moist forest countries' disinterest in Bank forest loans, the Bank would have been more restricted in its ability to engage in any kind of policy dialogue in these countries without the entrée of GEF grants. The Bank would have had a very difficult time in showing any progress toward the goal of tropical moist forest conservation without the GEF. While the degree of success in slowing the pace of deforestation and biodiversity loss in these countries cannot be measured at this time, it is arguable that these projects have increased the support for conservation, if not affected the rates of biodiversity loss and deforestation.¹

Similarly, the GEF funding provided the Bank with an entrée into the Eastern European countries and allowed it to maintain policy dialogues and projects on forestry in Africa. In countries unwilling, or because of the logging ban unable, to take forestry loans, there was a reduction in forestry projects in Africa that was compensated, in part, by GEF projects. The GEF also provided a mutually acceptable vehicle for the Bank to commence its lending program in Eastern Europe and Central Asia, the newly

emerging states that were not accustomed to dealing with Bank loans and conditionality.

The GEF also provided a means for the Bank to put together and finance multicountry projects, enabling it to achieve some progress on the 1991 Forest Strategy mandate for international cooperation, at least at the regional level. Given loan funding constraints, it is doubtful whether these cooperative endeavors would have been possible without the GEF, or similar grant funding with the same overlapping objectives.

Together, the GEF and the Bank contributed to the conservation of specific forest sites and species and to the development of forest resources to offset climate change in 44 countries. Unfortunately, a lack of monitoring data precludes measurement of the extent or impact of this achievement.

The Bank's GEF portfolio, and the nonfinancing policy and sector activities that often went along with it, was also instrumental in increasing the legitimacy of conservation investments in many countries. In addition to the interview comments, evidence of this increased legitimacy is seen in the increased host country and other donor financing leveraged by the Bank's GEF portfolio. Given strong country and Bank priorities for other economic and social sectors, it would be going too far to say that global biodiversity concerns have been mainstreamed within most countries—or even within the Bank itself.² It is argued that such a goal is unrealistic: that it is unlikely that long-term global biodiversity issues will ever be on a par with the myriad other pressing economic and social concerns. The implications of accepting more realistic objectives for biodiversity mainstreaming are that concessional and/or new forms of financing will be needed to make conservation sustainable.

The GEF and the Bank were also mutually enabling agencies in promoting a genuine increase in local community and NGO participation in the forestry and conservation sector, as mandated by the 1991 strategy. Strong policy reinforcement from GEF and NGOs active in conservation continued to push the Bank and its client countries into greater local government, community, and NGO participation in design and implementation by the second half of the 1990s. It also fostered increased attention to indigenous peoples and resource rights, although this is an area in which the Bank is still criticized by some NGOs for not going far enough. Nevertheless, it is widely recognized that increased acceptance of co-management regimes in

forest conservation and management has been fostered by the Bank and GEF's progressive approach to these issues in the latter part of the decade. The Bank acknowledges, however, that it has yet to encourage adequately women's participation in forest projects, despite their critical role in natural resource management and use. And, unfortunately, the inclusion of some members of civil society concerned with forestry did not extend to the private sector—an issue that will be revisited in the next set of conclusions.

One final area in which the GEF and the Bank forest strategy played a mutually enabling role is in starting to address the wider policy issues and intersectoral linkages that directly and indirectly impinge on the success of forest biodiversity conservation, energy policy, and sustainable forest management. By increasingly integrating (mainstreaming) GEF projects within a larger, strategic set of investments and policy interactions, the Bank has made real progress in starting to deal more effectively with the wider policy and intersectoral issues. Few, if any, implementing agencies have the leverage to increase the GEF's impact in this arena. Together, the GEF and the Bank have shown policy impact in a number of countries along the lines mandated by the 1991 Forest Strategy—even if this impact is minimal in some of the critical tropical moist forest countries and is considerably less than the scale of the problem requires.³

Conceptual Lacunae and Policy Implementation Weaknesses

The 1991 Forest Strategy, like the GEF's Guiding Principles for Projects Associated with Logging, has traditionally favored forest conservation projects over sustainable use.⁴ While seeking integration into the agendas for economic and social development that dominate client countries and the World Bank, the policy eschews involvement with the most valuable commodity involved—the tree trunks (logs)—contained in the vast primary forests of the tropical developing world. This keeps both agencies' hands “clean,” but severely reduces the potential for engaging the government and private forest industry sector in extending biodiversity conservation into the vast, nonprotected area forest estate. GEF policies, as well as those of the Bank, do encourage other forms of sustainable use, including non-timber forest product use, community forest management, and ecotourism, for example.⁵ However, more emphasis on integrating conservation

into sustainable timber use would have better bridged the development-environment gap and provided the potential for vastly extending the impact of Bank GEF investments.

The GEF was established to fund the costs of conserving the global values of forest conservation, with the realization that developing country governments are unlikely to provide funding—or borrow from the Bank—for benefits that do not accrue directly to them. But neither the 1991 Forest Strategy nor the GEF has adequately confronted the underlying gap in long-term financial sustainability, the current result of this approach. Although innovative trust funds have been established by some Bank GEF projects for long-term funding, there has been little evidence of systematic policy or project strategies for dealing with financial sustainability until very recently.

The gulf between the global biodiversity conservation priority of the 1991 strategy and the GEF and the countries that must carry it out is unlikely to be bridged any time soon. As the QAG review of first-generation African GEF projects noted:

Biodiversity is still primarily an agenda of the international community. National governments usually have more immediate priorities, and can even be hostile to programs promoted, and sometimes managed, by external agents which are felt to favor 'animals and trees over people' (World Bank 1998a).

While the OED Country Case Studies, which span a number of Regions, have found more progress in developing country ownership and integration of environmental concerns than was found by the QAG review of early African projects, the fundamental gap in priorities remains an underlying reality. A more realistic assessment of the degree of mainstreaming that is possible in developing countries or their global banking partner would allow more realistic strategies for financial and policy sustainability.

This conceptual and strategic priority gap is further exacerbated by the scale of the problem of forest biodiversity conservation and the multiplicity of actors involved. There have been significant achievements in establishing, improving, and encouraging the creation of more effective PAs with local community involvement in most of the 44 countries involved in this review. However, with a total of only \$1 billion

invested over nine years, the scale of the investment in terms of the number of forest hectares better protected is small compared with the global scale of the problem. Unless there is either considerable leverage of other funding or significant change in policies affecting the remaining forest areas, rates of primary forest and biodiversity loss will likely continue at a level unacceptable to most of the world. The new Bank Global Initiative to establish 5 million hectares of protected area and improve management on an additional 5 million hectares is an important attempt to address this gap, although it is too early to evaluate its ability to develop the country ownership and financial support that would make it truly effective.

The World Bank-WWF global initiative, along with some of the other partnerships with NGOs developed by the Bank, also represents an acknowledgment of the need to address issues of sustainable forest management and the other actors left out of the 1991 Forest Strategy: the private sector. As pointed out in the review, the absence of effective private sector involvement undermines a project's ability to deal with threats originating from these sources, as well as its ability to harness large sources of potential financial sustainability. The World Bank President's CEO Forum, the inclusion of a target of 5 million hectares of certified forest management in the WWF initiative, and the statements of the GEF Council welcoming increased private sector involvement are indicators of the need to increase participation of private sector stakeholders in projects and policy development. While the direct participation of the logging and primary forest-using industries is constrained by the current policies of both agencies, involvement of other private and public entities in sectors such as agriculture, tourism, transportation, power, and water management is far less than the scope of their impact on forest biodiversity demands. The Bank has made substantial progress in linking GEF forest projects to agricultural and watershed programs, and the International Finance Corporation (IFC) has demonstrated how the private sector can be creatively involved in GEF energy and biodiversity projects (for example, Terra Capital Biodiversity Enterprise Fund for Latin America, 1997).⁶ But the overall lack of private sector participation in policy and strategy remains significant, despite its status as a major source of biodiversity impacts, as well as its potential as a key to arriving at the scale and



Juju dance for the environment. Juju dancers, dressed as forest animals, depict the destruction of the forest. Mount Oku, Bamenda Highlands. Cameroon. Photo courtesy of Still Pictures. London.

sustainability of financing necessary to achieve the 1991 strategy and GEF's conservation objective.

Implementation effectiveness is directly related to the extent to which it is averting, or redirecting, threats to the conservation of forest biodiversity. This review, in agreement with other recent evaluations, finds that while there has been significant progress in developing innovative models for dealing with the negative impacts of local residents, there has been much less success in dealing with the threats emanating from other sectors of the economy.⁷ The analysis of threats has been inconsistent in project design—sometimes systematic, and other times haphazard. The design of project components also has a mixed record in the degree to which it directly addresses the threats. Threats to biodiversity related to local people have been increasingly addressed through project components and co-management policy innovations in ways that show promise of finding far better win-win solutions than past practices in PA management. However, there is still considerable scope for strengthening the linkages between community-level investments and conservation actions in the ICDPs along the lines outlined in the India Ecodevelopment Project.⁸ Perhaps even more important, projects and policy initiatives will have to enlarge their scope to develop more systematic strategies for identifying and working to overcome threats emerging from other sectors, whether private or public. This reinforces the need to bring the private sector stakeholders more centrally into the policy and project dialogues and to look for

ways to seek win-win—or at least less lose-lose—solutions with their constructive collaboration.

There are several concomitant implications of enlarging the scope of the GEF co-financed forest programs developed by the Bank to better include other private and public sectors to meet the goals of the 1991 Forest Strategy. These needs, or opportunities, include:

- The opportunity to continue developing a more strategic programmatic approach
- The opportunity to expand the grant and investment portfolio to projects identified by this approach to areas outside the protected areas involving more sustainable use
- The opportunity to develop new mechanisms for working with the private sector that help provide new avenues for sustainable financing
- The opportunity for the GEF to transfer implementation of small, stand-alone projects (such as the medium-size grants) to a different implementing mechanism that could continue to harness the creative and critical energy of the NGO sector
- The opportunity to develop modest and clear monitoring indicators with country ownership and some chance of implementation.

A number of Bank task managers stressed that their current approach to developing GEF grants is increasingly interwoven with more strategic approaches to natural resource management and agriculture as a whole. This wider approach is the Bank's comparative advantage, but has too often been only weakly supported by analytic sector work and CASs. Furthermore, countries that measure the Bank's credibility by the amount of GEF grant funds it has helped channel to their coffers are less interested in a strategic programmatic approach than in funding for their stand-alone proposals. These are two reasons why a programmatic approach must be both strategic and involve funding to ensure operationalization of strategies. By seeking out a wider array of potential partner stakeholders in both the private sector and the linked public sectors, and using their interests and perspectives to construct a wider program of support—including support that is not based on a specific project—it may be possible to develop a level of country acceptance and forest biodiversity impacts beyond what is currently feasible.

A wider spectrum of partners that includes the

private sector would also open up opportunities to fund more project or program initiatives directed toward biodiversity outside of PAs. While there are research inventory and database projects that deal with forest biodiversity outside PAs, and a number of PA projects that fund sustainable use in adjacent buffer zones, there are very few that address this issue at any scale or as a central objective.⁹ Improving the sustainability and biodiversity conservation consequences of better logging operations obviously has the largest potential for widespread impact and financial sustainability. The World Bank-WWF initiative for certification is a pioneering attempt in this direction, but there are many approaches to improved logging and sustainable forest use that involve mechanisms other than certification, which has yet to gain widespread acceptance. However, changing Bank or GEF policy to more directly engage in working with logging operations clearly carries the risk of lessening support from the vocal conservation community, a consequence that could also undermine the long-term success of conservation efforts. Nonetheless, it should be possible to more effectively engage the forest industry and logging sector in dialogue and policy development that would enhance opportunities to increase the biological sustainability of their operations.

There are also many opportunities in non-timber forest product development for increasing incentives to conserve biological diversity. While some of the early hopes for finding sustainably harvestable non-timber forest products (such as Brazil nuts) are proving to be relatively uneconomical, or only economical on a very limited scale, encouraging opportunities are being explored. Within the Bank's GEF portfolio, these include cultivation of medicinal plants; development of new agroforestry models for coffee; buffer zone forest management for fodder, fuelwood, fiber, and small timber; and ecotourism. The Biodiversity Conservation Network¹⁰ recently concluded a three-year action research project that tested a number of promising links between enterprise and biodiversity conservation with locally collaborating NGOs in the Asia Region (BCN 1997). While no one approach or sector emerges from this work, it is evident that there is potential in a wide array of industries and sectors to increase biodiversity conservation incentives and impacts.

The GEF has recently been criticized by NGOs for having “lost its experimental edge—its ability to test new ideas and take risks in new ventures” related to

financial innovation (Bionet 1999, p. 1). Both the need and the opportunity to develop new financial mechanisms—particularly mechanisms that could bring the commercial private sector on board and better respond to innovative opportunities created by the non-profit NGO sector—is large. The GEF has prepared three papers on engaging the private sector for the GEF Council (GEF 1995, 1996c, 1999a). It has made a number of recommendations in its internal evaluations, but acknowledges the “need to operationalize the suggestions from these studies both at a project level and programmatically” (GEF 1999a). A number of alternative financing mechanisms have been identified by the GEF, including contingent grants, contingent or concessional loans, partial credit guarantees, investment funds, and reserve funds (GEF 1999a, Annex 1). In addition, NGOs have suggested developing a special window for high-risk, experimental projects; expanding the scope of trust funds and financial intermediaries; developing ecoenterprise funds; expanding the scope of private sector partnerships to help develop bankable projects; and exploring the possibility of benefit-sharing from genetic resources. In addition, NGOs point to the potential for developing carbon offset projects, new debt swaps, and more effective employment of user fees and tax mechanisms. A recent electronic conference on paying for mountain resources documented the high value of watershed protection services provided by protected forests to downstream hydroelectric and irrigation users, as well as new mechanisms used to share the financial savings resulting from conservation between urban users and upstream farm households (The Mountain Institute 1997).

As the GEF has noted, implementing many of these innovations requires resolving issues related to country-drivenness and incremental costs. From the Bank's point of view, it also requires addressing issues not spelled out in the 1991 Forest Strategy. Given the need to expand the scope and scale of impact of forest conservation to meet the objectives of the 1991 Forest Strategy, these should be surmountable hurdles.

Approaching biodiversity conservation and sustainable use of resources also requires looking beyond a project-by-project approach. A recent thematic review on achieving sustainability of biodiversity conservation suggests shifting the discussion of sustainability from “How can we design a project that will make a contribution to biodiversity conservation and what does it take to make it sustainable?” to “What

does it take for biodiversity conservation to be sustainable, and how can we design a project (together with other activities) to make a contribution to that?” (Smith and Martin 2000).

An expansion of the scope and strategic interlinkages of the Bank's GEF-related forest biodiversity program will require additional staff time. Two ways to free-up time, as well as to develop a more responsive mechanism to support innovative, stand-alone projects, are to either develop a new window for innovative small and medium-size grants or to transfer responsibility for these grants to other implementing agencies that find them more compatible with their workloads and institutional incentives. In the conservation field, much of the innovation in approach, and many of the most effective field and research projects, are those carried out by NGOs—especially partnerships of international and local NGOs. These innovative projects and the support of civil society (including the private sector) for biodiversity conservation which they often engender, are often not part of the Bank's strategic investment program. These projects will often not be part of the government establishment's current strategy or priorities. Yet it is evident from the reliance of current establishment projects funded by the Bank on the innovations and executing skills of NGOs that funding for these relatively small efforts can provide disproportionate benefits to conservation. Bank task managers acknowledge that they are unable to process all of the proposals for medium-size grants and stand-alone projects, which are being proposed in increasing numbers.¹¹ Furthermore, they state that supporting funding for a separate stand-alone project that does not fit their strategic portfolio would be counter to their efforts to fulfill the Bank and GEF policy mandates to mainstream biodiversity conservation and leverage additional funding and impacts. The obvious conclusion is that a separate implementing mechanism, more akin to a grant program of a private foundation, should be established to fulfill this vital role, or that it should be transferred to an agency, such as the UNDP, that is not loan-oriented and would not have the same bias toward large projects.

Finally, the review has underscored the lack of any comparable monitoring information that could be used to measure progress and results. The conceptual difficulties in developing meaningful biological indicators that can be used within the timeframe of Bank GEF projects should not be underestimated. A number of

highly professional efforts have gone into developing forestry and biodiversity indicators.¹² Despite this high level of effort, there is no widely shared consensus on what indicators should be used. More important, there is no consensus among task managers and project implementers in various countries about whether these indicators can and will be measured. It is problematic whether any such consensus can be developed. But given the importance of assessing the value of the forest biodiversity conservation efforts being undertaken worldwide—specifically by the Bank and the GEF—it would appear worthwhile to try to develop a modest set of comparable indicators that might actually get measured. If the GEF and Bank were to harness the ownership-building potential of its participatory methodologies, it might be possible to develop such a result through a patient, multiyear process. This would likely require special project funding and organization.

Concluding Words

Overall, this review of the Bank's GEF forest portfolio concludes that the GEF has been instrumental in allowing the Bank to pursue many aspects of the 1991 Forest Strategy. The conservation orientation of the policy and the co-evolution of both the Bank's participatory approach and the GEF's guidelines allowed both to serve mutually enabling and essential roles in fulfilling their overlapping mandates to improve the conservation of forest biodiversity.

As a result, significant conservation results have been achieved. These include improved conservation of specific PAs, increased participation of civil society in conservation, and improved policy frameworks and conservation understanding in the 44 countries where the Bank was active with GEF financing. New mechanisms for sustainable financing—notably the trust fund—have been successfully implemented. Lessons in integrated conservation and development projects, in the time frame needed for conservation, and the difficulty of developing and using indicators are among those that have been identified and are being addressed.

More fundamental problems of integrating conservation within economic and social priorities and the consequences of this problem for financial sustainability are only beginning to receive the attention they deserve. Participation of the private sector and the adequacy of the current project approach to dealing with the real threats to biodiversity from outside the

local community are major issues confronting the future of the program. These will require some strategic new initiatives in developing more effective programmatic approaches, new instruments for private sector involvement and financial sustainability, and new mechanisms for sustaining NGO innovations. They will also require rethinking some aspects of the 1991 Forest Strategy that inhibit sustainable use of some forestry products and the development of long-term, financially self-sustaining solutions.

The main recommendations of the GEF review for the future are similar to many of those in the OED review of the Bank's regular program:

- Enlarge the scope of the GEF co-financed forest programs developed by the Bank to better include the private sector and other public sectors.
- Develop a more strategic approach to addressing the most important threats to biodiversity and the most effective investments of limited funds to leverage large-scale impacts.
- Expend the grant and investment portfolio to projects outside PAs involving more sustainable use and forest management for both timber and non-timber forest products.
- Transfer implementation of small, stand-alone projects to a different implementing mechanism (either new or existing) that could continue to harness the creative and critical energy of the NGO sector.
- Develop modest and clear monitoring indicators with country ownership and work on client capacity for implementation.
- Develop policies and projects that more effectively work with sustainable forest use and management to incorporate conservation objectives and extend forest strategy goals into the private sector forest industry.
- Pursue opportunities to develop incentives for conservation that are linked with private enterprise, including agriculture, non-timber forest products, tourism, hydroelectric generation, livestock rearing, and the like.
- Continue identifying and operationalizing new financial mechanisms for sustaining conservation funding, including trust funds, royalties and fees, conservation easements and tax mechanisms, contingent grants, partial credit guarantees, reserve funds, and so forth.

Overall, it is recommended that the Bank's partnership with the GEF to sustainably conserve the world's forest biodiversity be expanded, with more strategically developed, realistic goals and more innovative approaches. The limitations of mainstreaming and national financing of global biodiversity benefits require a more realistic, comprehensive, and sustainable approach. Given the limited financing available to address the huge global need, impact needs to be expanded through increased policy and legislative reform, new forms of financing, and engagement with

the private sector—including the logging industry. The critical role of NGOs in mobilizing civil society support and developing innovative models should be further supported through more appropriate funding mechanisms. The Bank's comparative advantage in analytic work and investment leverage should be captured through expanding the trend toward incorporating GEF projects within larger strategic programs to address the powerful threats and opportunities for biodiversity conservation emerging from other, linked sectors.

ANNEXES

ANNEX A: TERMS OF REFERENCE

Forests and the Global Environment Facility (GEF): A Review of GEF Projects to Contribute to the OED Review of the 1991 Forest Strategy and Its Implementation (Draft Terms of Reference)¹

The Context

The Operations Evaluation Department (OED) of the World Bank is currently undertaking a *Review of the 1991 Forest Strategy and Its Implementation* as an input into the Bank's forest strategy. This review will be in two parts. One part will consist of six country case studies (China, Brazil, India, Indonesia, Cameroon, and Costa Rica), and the other will consist of an assessment of the global lending and nonlending services of the World Bank Group (including IFC and the GEF) in the post-1991 period, to assess the impact on the world's forests. Together, the country studies and the portfolio review inputs will form the basis of the overall OED report. To coordinate with the Bank's Forest Strategy Implementation Review, a draft of the overall OED report is planned to be ready by April 1999. The OED review will be presented to the Board in or about August 1999, at about the same time as the presentation of the new Bank forest strategy. (See Approach Paper and Design Paper of OED Study for details.)

Background

The GEF was created in 1991 (it was restructured after its pilot phase in 1994) to provide cofinancing to developing countries and those with economies in transition for projects and activities that protect the global environment (that is, where benefits are global but costs are local). The GEF is the interim funding mechanism for two international treaties: the Convention on Biological Diversity and the Convention on Climate Change. The World Bank is one of the three financial implementing agencies for GEF projects; the others are the UNDP and UNEP. As of June 1998, a total of \$751 million has been committed in World Bank/GEF projects. This has been complemented by \$722 million in cofinancing from the World Bank (GEF 1998c, p. 65). Whereas the Bank's forest sector lending has stagnated,² GEF activities have been growing substantially in recent years. Annual commitments to biodiversity have doubled (see table A.1). Funding from GEF is limited to countries that fall within the eligibility criteria provided by the Convention Secretariats or qualify for technical assistance grants from UNDP or loans from the World Bank.

Four focal areas qualify for GEF funds: biodiversity, international waters, climate change, and the ozone layer. The biodiversity component, because of its direct and indirect impact on forests, is particularly important for the OED review. Nearly 50 percent of all GEF-financed projects have been in the area of biodiversity conservation. GEF funding to countries is in the form of grants. The World Bank-implemented GEF projects usually complement its regular loan program in client countries.

Proposal

The portfolio review of Bank projects and country studies, which will include both ongoing and completed projects, will be managed in-house by the core OED team led by Uma Lele. The Operations Evaluation Group of IFC is evaluating the IFC portfolio. It is proposed that a review of the GEF's completed and ongoing projects be carried out, in addition to a limited number of audits of completed projects currently proposed by OED. The purpose is to:

- Tell a more complete story of the World Bank Group's activities in and impact on the forest sector.
- Capture developments in the rapidly growing GEF portfolio.
- Explore the relationship between Bank and GEF lending in its impact on forests.

The review of GEF projects will contribute to both parts of the OED study, the country case studies and the portfolio review. To increase synergy between the two, the GEF review will be carried out concurrently with the OED review (i.e., with a first draft by February 1999). The GEF review, although done in-house by OED, will be a self-standing product. As agreed, GEF will finance the core team and the country study part of the GEF review.

It is proposed that the advisory committee for the OED review concurrently give its comments, suggestions, and the like on the GEF review (see Design Paper for details).

For a proper understanding of issues, GEF projects should be evaluated in the context of a conceptual framework being developed to evaluate Bank projects (for details, see figure A.1 and the OED Design Paper).

During 1992-98 there were 89 GEF projects.³

Table A.1 gives total yearly biodiversity investments by the Bank, IDA, and GEF.

Depending on the direction of GEF granting, the GEF review will look at countries with and without Bank projects. In addition to studying project documents, the GEF team will hold extensive interviews with task managers of GEF and Bank projects. In consultation with the OED team, the GEF team will also undertake field visits to a selected number of projects.

The review will also take into account the findings and recommendations of reports recently produced by GEF, the Bank's Environment Department, and other organizations, including the following:

- Annual Reports for the Global Environment Facility
- *Biodiversity Conservation Projects in Africa: Lessons Learned from the First Generation.*

QAG evaluation in an Environment Department Dissemination Note, July 1998. Quality Assurance Group, The World Bank.

- "Evaluation of Experience with Conservation Trust Funds." October 1998. GEF.
- *The Global Environment Facility from Rio to New Delhi: A Guide for NGOs*, by Stanley W. Burgrel and Sheldon Cohen. IUCN, 1997.
- *The Global Environment Facility: Independent Evaluation of the Pilot Phase.*
- *The Global Environment Facility: Sharing Responsibility for the Biosphere*, by David Reed. 1991 (vol. 1), 1992 (vol. 2). Worldwide Fund for Nature.
- "Incorporating Social Assessment and Participation into Biodiversity Conservation Projects,"
- "Issues and Options in the Design of GEF-

FIGURE A.1. LOGICAL FRAMEWORK FOR COUNTRY STUDY

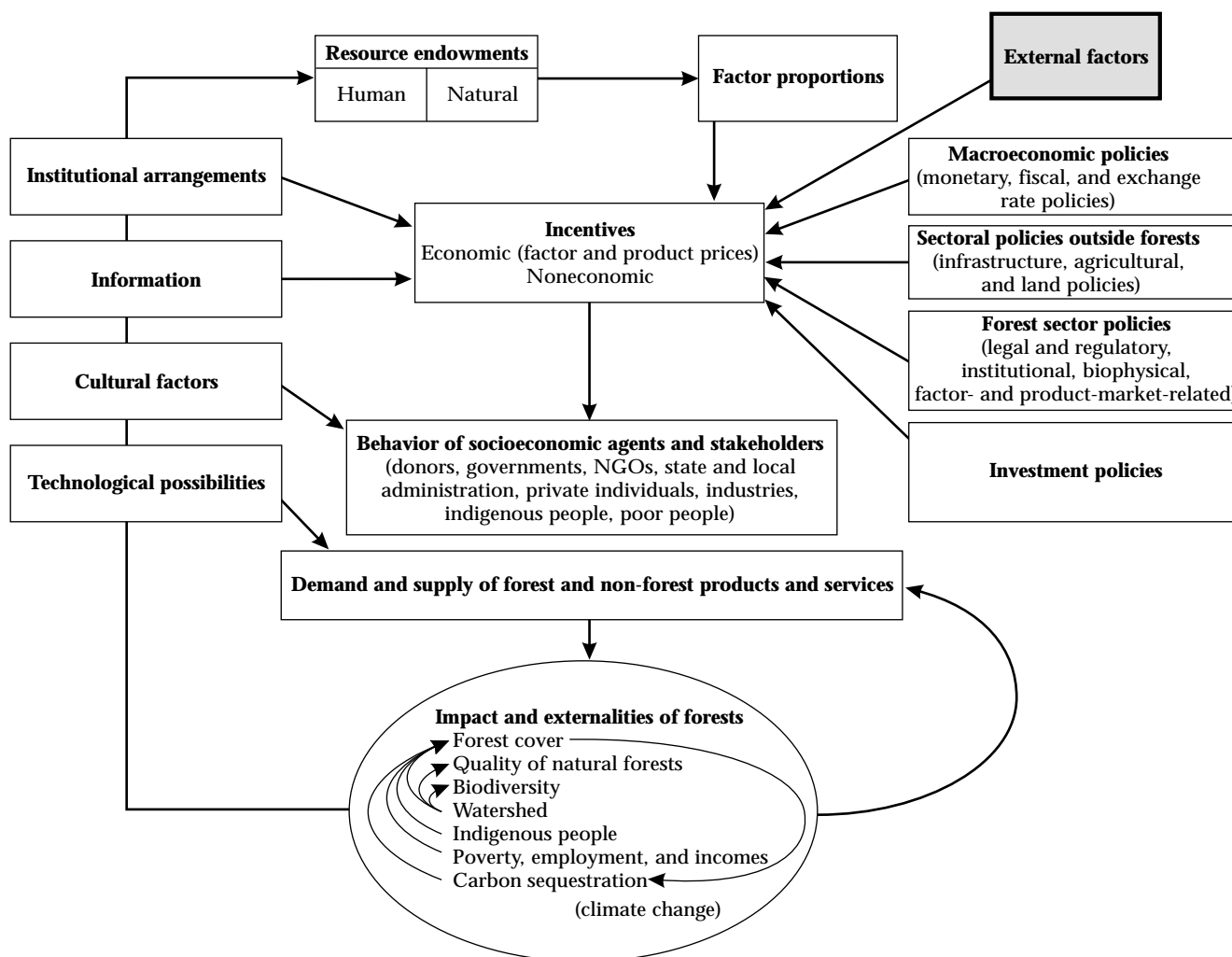


TABLE A.1. TOTAL YEARLY BIODIVERSITY INVESTMENTS

Fiscal year	US\$ (millions)			Number of projects or projects with components		
	IBRD	IDA	GEF	IBRD	IDA	GEF
1992	69.8	175.2	49.6	2	9	3
1993	44.7	31.7	44.5	5	2	7
1994	53.0	17.4	63.0	6	3	7
1995	99.5	11.2	60.8	7	1	9
1996	32.3	1.8	113.5	3	1	7
1997	78.1	224.1	109.4	5	9	9

Note: Data for 1998 are not available in the Update.

Source: World Bank 1998b.

Supported Trust Funds for Biodiversity Conservation.” Paper No.11. GEF.

- “Mainstreaming the Global Environment in World Bank Group Operations.” October 1998. The World Bank
- “Monitoring and Evaluation Guidelines for Biodiversity Conservation Projects,” (GEF)
- *Partners or Hired Hands? Procurement Reform for Effective Collaboration between NGOs and Multi-lateral Institution: The Case of the GEF.* IUCN.
- *Pilot Phase Portfolio Project and Implementation Review.* 1996. GEF.
- *Project Implementation Review.* 1997. GEF.
- *Study of GEF's Overall Performance,* by Gareth Porter, Raymond Cléménçon, Waafas Ofoosu-Amaah, and Michael Philips. GEF.
- “Summary Report on Study of GEF Project Lessons.” January 1998.

Major Issues for GEF Review

From the perspective of OED's Forest Strategy Review, certain issues (outlined below) stand out as important. The biodiversity focal area is of particular interest. In addition, lessons of experience that arise out of conflict between the interests of protected areas and people will be relevant.

1. What is the scope of GEF projects? Are their objectives clear? Can the benefits be measured and monitored? Have outputs, outcomes, and impacts, along with associated indicators, been adequately identified in project formulation?
2. The OED standard evaluative framework is structured by the concepts of relevance⁴ (and in the context of the Rio, Biodiversity, and Climate Change Conventions) efficacy,⁵ efficiency,⁶ sustainability,⁷ and institutional de-

velopment impact.⁸ To the extent possible, the GEF Review will try to evaluate GEF projects in a similar framework.

3. For the six country case studies, and in the review of global lending, it will be important to know the relationship of the GEF portfolio to the Bank's forest portfolio. Country authors will also examine GEF components of Bank projects and GEF projects while looking at the implementation experience of Bank projects. Did the forest portfolio enable GEF activities, or vice versa? Did it add new dimensions to the Bank's activities (on community participation, biodiversity protection, and interactions between agriculture and forestry) or additional consideration to biodiversity conservation and sustainable use of biological resources that would not have taken place without the GEF? To what extent have global environmental concerns related to biological diversity and climate change been integrated into World Bank forest sector loan strategies, policy discussions, and relevant sections of the Country Assistance Strategies? To what extent has the World Bank forest portfolio identified causes of loss of biological diversity? Is there a big difference between the biodiversity impact of straight Bank forest projects and GEF projects within forested areas? This will include land degradation issues, especially in case studies—transformation of land habitats (both the acceleration and reversal of land degradation).
4. For GEF funding, the relevant benefits are “incremental;” that is, projects must have positive incremental costs if they are to receive GEF support. Simply put, incremental costs are the difference in costs between a project with global

environmental benefits and one without.⁹ To what extent do GEF projects deal with incremental cost terms and as “truly global externality” projects? How has this policy affected project design and performance? Will countries borrow Bank funds on Bank/IDA terms to do what GEF is doing, particularly if GEF benefits are really global?

5. What means does the World Bank use to try to mainstream global environmental issues? How is GEF helping scale up efforts in the client countries (for example, national environmental strategies)? Does the Bank mainstream environmental issues, and, if so, how?
6. Participation with stakeholders is a central

tenet of GEF policy and operations. What is the nature of participation with primary local stakeholders, especially the local community? To what extent have other stakeholders (state and local governments; local, national, and international NGOs; private industries; and individuals) participated in GEF project and policy activities? Do GEF projects have greater NGO involvement than Bank projects? Is participation with stakeholders significantly able to influence quality and kind of GEF grant giving? What are the implications for project implementation and success? What is the GEF outreach and communication strategy to work with NGOs and civil society?

TABLE A.2. EVALUATION OF THE 1991 FOREST STRATEGY: A RESULTS-BASED FRAMEWORK

Resource inputs	Implementation outputs	Outcomes	Impacts
World Bank IDA	<ul style="list-style-type: none"> • Strategy development • Country Assistance Strategies (CASs) • Economic work • Sector work • Forest sector work • Non-forest sector work with effects on forests • Lending • Macroeconomic adjustment lending • Sector adjustment lending; • Forest sector project loans • Other non-forest project loans with impacts on forests; e.g., infrastructure, agriculture, mining • Quality standards: Bank operational manuals on operational policy and good practices, e.g.: <ul style="list-style-type: none"> – Forestry – Environmental assessment – Indigenous peoples – Involuntary resettlement – Involving nongovernmental organizations in Bank-supported activities • Aid coordination groups • Quality assurance • Quality Assurance Group (QAG) reviews: • Self-assessment: Project Implementation Reviews • OED sector reviews • OED project audits 	<ul style="list-style-type: none"> • Improvements in country policies and strategies • Institutional reforms, legislative reforms • Improved incentives • Improved patterns of public expenditures • Innovative models, e.g., participatory approaches, sustainable forest management approaches • Improved legal framework • Improvements in tax and subsidy policies • Reduced role of the public sector • Improved public and private sector management capacity • Improved rights for indigenous peoples • Increased human capital • Improved environmental assessments • Improved monitoring and evaluation of impacts 	<ul style="list-style-type: none"> • Improved forest cover through reduced rates of deforestation and increased tree plantings • More sustainable use of natural resources • Protection of biodiversity • Carbon sequestration • Increased supply of fuelwood and other non-timber forest products • Increased incomes and employment, particularly of the poor • Improvement in the quality of resources: soils, water

7. How financially sustainable are GEF projects? What are the incentives for sustainability? How can sustainability be improved?
8. What is the overall policy environment within which a GEF project operates? Is the project consistent with that policy? Has the project tackled key policy constraints, particularly those relevant to sustainability? Are GEF projects more successful when integrated with Bank projects? What are the leverage issues? Would larger Bank interventions have helped?
9. How do World Bank forest projects compare with GEF forest-related projects with regard to public participation, national ownership, and provisions for longer-term institutional and financial sustainability?
10. What promising sustainable use models can be identified in the World Bank forest portfolio?

The following conditions will ensure that the GEF review contributes effectively to the OED review:

- The GEF portfolio will be reviewed in close coordination with OED's Enabling Activities Evaluation of the GEF projects.
- Terms of reference for the GEF portfolio will be developed in close consultation with the GEF Secretariat and Bank GEF colleagues to ensure that they highlight particular aspects of the GEF portfolio and differences from the Bank's portfolio.
- The review process will be independent and objective, both in reality and perception, at all times, as expected of all OED reviews.

See table A.2 for the results-based framework underlying the evaluation of the 1991 Forest Strategy.

BOX A.1. THE WORLD BANK'S FOREST STRATEGY AT A GLANCE

The goal of the Bank's Forest Strategy was to address the twin challenges of rapid deforestation, especially of tropical moist forests, and inadequate planting of new trees to meet the rapidly growing demand for wood products. These challenges were perceived to be connected to five key factors:

- Externalities that prevented market forces from achieving socially desired outcomes
- Strong incentives, particularly for the poor, to cut trees
- Weak property rights in many forests and wooded areas
- High private discount rates among those encroaching on the forests
- Inappropriate government policies, particularly concession arrangements.

Five principles were proposed for Bank involvement in the forest sector:

- Multisectoral approach
- International cooperation
- Policy reform and institutional strengthening

- Resource expansion
- Land use controls including zoning, demarcation, and tenure issues to preserve intact forests.

Bank-financed activities were expected to comply with seven conditions:

- No Bank Group financing for commercial logging in primary tropical moist forests
- Adoption of policies and an institutional framework consistent with sustainability
- A participatory approach to the management of natural forests
- Adoption of comprehensive and environmentally sound conservation and development plans with clear definitions of the roles and the rights of key stakeholders, including local people
- Basing commercial use of forests on adequate social, environmental, and economic assessments
- Making adequate provisions to maintain biodiversity and safeguard the interests of local people, including forest dwellers and indigenous peoples
- Establishing adequate enforcement mechanisms.

ANNEX B: GEF'S INTERIM GUIDING PRINCIPLES FOR PROJECTS ASSOCIATED WITH LOGGING

The GEF will continue to secure the conservation and sustainable use of the biological resources in forest ecosystems in accordance with good practice. It will also pursue the objective of benefit sharing, as appropriate.

1. In the Corporate Business Plan 1998, the GEF Secretariat noted that among the strategic issues needing attention, the role of the GEF in sustainable forest management (SFM) is key. A central part of integrated SFM is the need to pursue multiple objectives. In accordance with the forest ecosystem operational program, GEF currently supports sustainable forest uses. The one exception is sustainable logging, because its linkage to the conservation objective remains very much open to question.
2. Consequently, the Secretariat has commissioned an issues paper to provide strategic advice on this topic. The paper will review the state of knowledge on biodiversity conservation good practice in logged forests and will provide the basis for the formulation of further guidance for GEF operations. However, as the paper and the follow-up work will not be completed until March 2000, there is need to formulate guidance for the Implementing Agencies' processing of their forest projects associated with logging operations. Logging in primary forests, however, will not be supported by GEF.
3. The following are some guiding principles for the interim period. These principles do not replace existing review criteria, or need for conformity with GEF policies and principles, including the incremental cost and public involvement policies.

A. GEF financing will not be used:

1. To finance logging operations in primary forests
2. For the conversion of forests to alternative land use
3. To meet sustainable baselines of pursuing SFM
4. To meet the cost of forest certification schemes
5. To improve timber harvesting methods to meet FSC/ITTA criteria
6. For reforestation or restoration of habitat following logging operations

7. To finance the costs of reduced-impact logging to secure SFM
8. To finance the costs of commercial, industrial timber plantations and tree-farming systems.

B. GEF financing for projects associated with logging will be used:

1. In conformity with its objectives of conservation, sustainable use and benefit sharing for the conservation of biodiversity (in forests)
2. In conformity with the incremental cost policy (GEF support to forest management activities could be additional, substitutional, or both, and each of these activities must concur with all the guiding principles)
3. In conformity with the public involvement policies (where relocation or resettlement is anticipated, this should be done in a transparent, participatory, and voluntary basis)
4. For small, pilot, local-community-based demonstration projects, but not for large commercial-scale interventions
5. To mainstream biodiversity considerations into the forestry sector (biodiversity overlays)
6. For alternative livelihoods in production forests to take the pressure off biodiversity in protected areas, but only where (i) production forests are part of the national baseline and are being practiced in accordance with other criteria (for example, ITTA, FSC, and the like); and (ii) where production forestry and the alternative livelihood under this scheme do not undermine the biodiversity targeted for conservation in the protected areas.

C. In furthering the objective of sustainable use in forests, GEF will encourage:

1. Policy reform and institutional strengthening, including the removal of barriers critical to securing sustainable forest management
2. Broad land-use planning and management exercises to mainstream biodiversity considerations into planning
3. Alternative resource control systems (decentralization, forest co- and joint management schemes, and the like);
4. Participatory and adaptive forest management

involving local communities and the governments

5. Strengthened systems for monitoring of resource use and audits of institutional performance
6. Sustainable harvest of non-timber forest products, such as medicinal plants
7. Management of forests for nonconsumptive uses, such as recreation and tourism.

ANNEX C: METHODOLOGY OF PARTICIPATION REVIEW

The study covered 44 project documents to review the inclusion of participatory elements in project design. Supplementary sources included *Social Data, Community-Based Rural Development* and *Resettlement Project Perspective* sheets, when available.¹ The Project Status Reports (590s) reviewed contained limited or no information on participatory activities. Nine projects have been completed and only six have Implementation Completion Reports, which contain limited assessment of project participation.

The study looked at the following variables to assess inclusion of participatory elements:

- Inclusion of participatory elements in stated project objectives
- Inclusion of participatory activities in planned project components
- Participatory activities identified in project implementation
- Inclusion of participatory evaluation
- Changes in design as a result of participatory concerns
- Percentage of budget going to NGOs/local communities
- Inclusion of participatory indicators in monitoring system
- Inclusion of participatory indicators in supervision missions
- Methods intended:
 - Social assessments
 - Beneficiary assessments
 - Needs assessments
 - Surveys
 - Participatory rural appraisals

- Advisory groups
- Informal interviews
- Focus groups
- Workshops.
- Types of stakeholders involved at any stage of project:
 - Community/local resource users
 - Community-based organizations, local associations
 - Local NGOs
 - International NGOs/research institutions
 - Indigenous peoples
 - Women's groups
 - Local district/state government representatives
 - Commercial private sector.

In addition, the study looked at information on area conserved/managed, and the number of projects that dealt with land tenure access issues, including resettlement.

Rankings were given according to the following level and breadth:

- level of participation:
 - 0 = no participation
 - 1 = information sharing
 - 2 = consultation
 - 3 = collaboration
 - 4 = empowerment.
- Participation breadth:
 - 1 = no participation
 - 2 = limited
 - 3 = moderate
 - 4 = high.

ANNEX D: PROJECT SUMMARIES

AFRICA

Central Africa Regional Environment Information Management Project (REIMP)

The project establishes a demand-driven, action-oriented environmental information database for the tropical forest region of Central Africa to support decisionmaking and to build national capacity for environmental monitoring, land-use planning, and conservation priority setting. Strong emphasis will be put on capacity building in the public and private sectors to use such data; on creating an integrated, standardized regional information network for data sharing; on connecting data suppliers and users to the electronic highway; and on defining and developing specific products desired by end-users.

West African Pilot Community-Based Natural Resources and Wildlife

The project will facilitate conservation of biodiversity in one of West Africa's most diverse and threatened ecosystems, the Comoe. It will introduce a new approach to biodiversity conservation in West Africa that aims to find a common solution to both development and conservation concerns by involving local communities in ecologically sustainable and profitable management of natural resources. The project's specific objectives are (i) to strengthen the capacity of local communities, NGOs, and government to manage wild plant and animal resources in a sustainable manner; (ii) to improve the management and use of habitat and wildlife populations at each site; (iii) to improve local land management practices and infrastructure; and (iv) to establish a durable system for monitoring and evaluating project implementation and impact.

Cameroon Biodiversity Conservation and Management

The project has two major development objectives. First, it will help the government to protect a significant amount of Cameroon's biological diversity through careful management of ten national parks, faunal reserves, and ungazetted sites located in six sensitive ecological regions, including the development of alternative activities for the local population in the buffer zones. The project will also strengthen key national institutions concerned with research, planning, and coordination of biodiversity conservation

activities at the national level. In addition to receiving grant funds from the GEF the project is cofinanced with contributions from bilateral donors including France, Germany, the Netherlands, and the United Kingdom.

Congo Wildlands Protection and Management

The project objective is to strengthen the protection of a significant amount of Congo's globally valued biodiversity by (i) expanding the areas earmarked for conservation from 4.4 percent to over 10 percent of the national territory, (ii) preparing and implementing participatory management plans for several key conservation areas representative of the country's biological wealth, and (iii) strengthening the institutional and regulatory framework and national capacity and support for biological conservation, and the financial sustainability of biodiversity conservation programs.

Kenya Tana River National Primate Reserve

The project concerns the development and implementation of a management plan for the Tana River National Primate Reserve, which contains the last remaining contiguous area of indigenous riverine forest along the Tana River. The Tana Reserve protects two endangered primate species, the Red Colobus and Crested Mangabey monkeys.

Mozambique Trans-frontier Conservation Area and Institutional Strengthening

The primary objective of the project is to assist the government of Mozambique in creating an enabling policy and institutional environment for rehabilitating, conserving, and managing its unique natural environments and biodiversity, which are of global significance. The project will also provide an opportunity to test and implement community-based conservation and management methods aimed at empowerment of local communities, economic development, and poverty reduction.

Mauritius Biodiversity Restoration

The project will (i) protect critically endangered biodiversity of international importance by restoring degraded small island habitats, propagating and reintroducing endemic species to these habitats; and (ii) strengthen capacity for the management and monitoring of biodiversity restoration.

Madagascar Second Environmental Program Support

The global environment objective of the GEF support to the program is to curb the loss of globally significant biodiversity by slowing current environmental degradation trends, promoting the sustainable use of natural resources, and creating the conditions for environmental considerations to become an integral part of macroeconomic and sectoral management of the country.

Mali Household Energy Project

The long-term development objectives of the project are reduction of CO₂ emissions, the abatement of forest resource depletion, and increased participation of the private sector in the management of the household energy sector. The main implementation objectives are to promote popular participation in household energy activities, rational use of household energy resources, and improved end-use of household fuels.

South Africa Cape Peninsula Biodiversity

The project will establish and manage the new Cape Peninsula National Park for an initial period of five years and will strengthen biodiversity conservation in the entire Cape Floral Kingdom. Components include (i) implementing an initial five-year Cape Peninsula National Park management plan to address the park's urgent conservation needs, including controlling of invasive exotics, improving local emergency response to oil spills and wildfires, launching a marine conservation program for the Peninsula and an environmental education program, and developing an environmental information system and a targeted research program; (ii) designing a visitor promotion and management program, including upgrading of visitor facilities and analyzing visitor pricing options to ensure biological and financial sustainability of the park; (iii) supporting the Table Mountain Fund, which mainly funds NGO-led conservation initiatives around the park and in other critical areas of the Cape Floral Kingdom; and (iv) preparing a strategic conservation strategy and action plan for the entire Cape Floral Kingdom.

Uganda Protected Areas Management and Sustainable Use (PAMSU)

The project will support management and conservation of priority protected areas by (i) strengthening the Uganda Wildlife Authority, (ii) making direct investments in rehabilitation of infrastructure and improved management of biologically critical protected areas,

and (iii) building capacity for developing locally based tourism and other activities compatible with conservation, such as sustainable collection of forest products in buffer zones, that provide economic returns. The project will emphasize planning, promotion, and regulation of environmentally sustainable tourism by strengthening government capacity at all levels to facilitate tourism, and by providing a supportive environment for private sector tourism development. The Ministry of Tourism, Wildlife, and Antiquities will receive assistance to develop appropriate policies and laws promoting tourism and conservation and to manage its many current projects and programs.

Uganda Bwindi Impenetrable National Park and Mgahinga Gorilla National Park

The objective of the project is to support biodiversity conservation in Bwindi Impenetrable National Park and Mgahinga Gorilla National Park through improved park management, research, and financing grants to build community support for conservation and assist local community groups to develop alternatives to harvesting forest resources.

Zimbabwe Park Rehabilitation and Conservation

With the involvement of local communities, the project will design and implement a natural resource management program for Gonarezou National Park on the Mozambique/South Africa border, to complement the Mozambique Transfrontier Conservation Areas project. The project will rehabilitate the infrastructure of Gonarezou to stimulate ecotourism, develop community wildlife management and sustainable use programs, and strengthen park management capacity.

EUROPE AND CENTRAL ASIA

Belarus Biodiversity Protection

The project aims to address conservation planning and research outreach programs for the Belovezhskaya Forest and Berezinsky and Pripiatsky Reserves.

Czech Republic Biodiversity

The project objective is to protect and strengthen forest and related ecosystem biodiversity in the Czech Republic. The project is highly innovative and unusual in its scope and aims to achieve its objectives through (i) establishing transboundary, integrated conservation over formerly strictly protected (under military administration) cross-border areas (each of the three proposed

ecosystem reserve zones in are in transboundary areas: the Sumava National Park [Austria, Czech Republic, and Germany], the Krkonose Reserves [Czech Republic and Poland], and the Morava Floodplain Forests and Wetlands [Austria and the Czech and Slovak Republics]; and (ii) initiating a major effort to ensure the longer-term financial sustainability of these protected ecosystems through the planning and development of recurrent funding mechanisms.

Poland Forest Biodiversity Protection

The project has initiated programs to conserve the biodiversity of key endangered forests and is providing institutional support to the Ministry of Environment, Natural Resources, and Forests to undertake biodiversity conservation management activities. Innovative features include the establishment of a gene bank and arboreta to protect genetic diversity and to provide plants for reforestation in areas degraded by pollution.

Russian Federation Biodiversity Conservation

The project aims to (i) provide a safety net to ensure the immediate protection of biodiversity in conformance with the government's obligations under the Convention on Biological Diversity; (ii) assist the government to develop its national biodiversity strategy and identify sustainable funding mechanisms for the national biodiversity conservation system; (iii) support the process of institutional development; (iv) sustain the most critically affected federal protected areas and enhance the self-sufficiency and effectiveness of the protected areas system through an integrated set of actions; (v) provide a regional demonstration of the synergy among the processes of organization, structuring, and integrated sectoral management.

Slovak Republic Biodiversity Protection

Consistent with its pilot phase criteria, the main objective of this project is to assist the government of Slovakia in protecting and conserving its biodiversity. The project will undertake analytical work and pilot/demonstration programs to (i) test systems of financially sustainable biodiversity protection through the introduction of user fees, related charges for visitors, and concessions to manage the areas within their determined carrying capacities; (ii) protect three zones of representative threatened ecosystems: meadows (Tatras), wetlands (Morava Floodplain), and mountain forests (Eastern Carpathians); and (iii) support the

activities of three transnational biodiversity protection networks: The Eastern Carpathians Biosphere Reserve (Poland, the Slovak Republic, and Ukraine); the Tatra Biosphere Reserve (Poland, the Slovak Republic), and the Morava Floodplain Forests and Wetlands (Austria and the Czech and Slovak Republics).

Turkey In-Situ Conservation of Genetic Biodiversity

The project will identify, survey, inventory, and manage selected areas for the in-situ protection of the wild relatives of herbaceous and woody species, with a focus on globally significant species. Based on the results of project field work, a national strategy will be prepared for in-situ gene conservation of wild relatives and habitats of these species.

LATIN AMERICA AND THE CARIBBEAN

Argentina Biodiversity Conservation

In conjunction with the IBRD-supported Native Forests and Protected Areas Project, the GEF Biodiversity Conservation Project will expand the protected area system through the creation and management of protected areas in currently unprotected ecosystems of global biological significance (Pampas grasslands, Andean Puna, the Chaco, Patagonian Steppe, and so forth). The project also includes a public participation plan to ensure widespread stakeholder involvement in project activities, strengthening of institutions and policy, legal and regulatory frameworks at the national and provincial levels to support biodiversity conservation, an Internet-connected national biodiversity information management system, and establishment of a grants program targeted to sustainable development, conservation, and public awareness activities in the surrounding buffer zones.

Bolivia Biodiversity Conservation

The project will help ensure the protection of representative samples of some of Bolivia's most diverse and threatened ecosystems. This will be accomplished in part by strengthening the government's institutional capability to protect the country's biodiversity and by promoting the participation of local indigenous communities and institutions in the management of the PA system.

Brazil National Biodiversity Project

The main objective is to assist the Brazilian government to initiate a program for the conservation and sustainable use of biodiversity by identifying priority actions, stimulating the development of subprojects through the facilita-

tion of partnerships between the public and private sectors, and disseminating biodiversity information.

Brazil National Biodiversity Fund

The main objective of the project is to provide long-term and sustainable support for conservation and sustainable use of biological diversity in Brazil. This goal will be pursued by supporting the establishment and development of a Brazilian Biodiversity Fund (FUNBIO) within the Getulio Vargas Foundation to administer a long-term grants program to promote conservation and sustainable use of biodiversity in Brazil.

Costa Rica Biodiversity Resources Development

The project seeks to demonstrate that increased and systematically catalogued information about species would increase the value of biological diversity and the marketability of biodiversity services. The project supports (i) development of a framework for a comprehensive inventory and protocols for collection and cataloguing for four taxa (*Hymenoptera*, *Coleoptera*, *Diptera*, and fungi); (ii) completion of the collection and cataloguing of these four taxa; (iii) development of human capacity in systematic biology, especially at the parataxonomist level; (iv) development of revenue- and non-revenue-generating activities and increased awareness of the values of biodiversity; and (v) strengthened institutional capacity at INBio. Collection activities will start in the Guanacaste Conservation Area, and will expand to other conservation areas during project implementation, according to agreed criteria.

Ecuador Biodiversity Protection

The project will support the restructuring of the country's institutional capacity and overall policy and legal framework for adequate management of the National System of Protected Areas (NSPA). Special emphasis will be placed on ensuring financial sustainability of the NSPA through the establishment of an efficient fee and tariff system. While most of the project's activities will benefit the entire system, proposed investments will be made in eight of the most biologically rich conservation units, selected for their contribution to protection of globally important biodiversity. Proposed actions are designed to complement ongoing government and NGO activities on the NSPA.

Honduras Biodiversity in Priority Areas

This UNDP/World Bank project is the Honduran link in

the Mesoamerican Biological Corridor (MBC). The project will strengthen the protection and management of five biologically rich protected areas in the MBC, representing a range of ecosystem types, as well as support ecologically compatible development demonstration projects in the surrounding buffer zones. Special attention will be given to indigenous peoples' development and gender issues. The project funds biological monitoring of the protected areas and adjacent zones; institutional strengthening of the Forestry Administration Corporation, DAPVS, and local committees; and environmental awareness activities. The associated IDA credit finances complementary activities in land administration/tenure, natural resources management, institutional strengthening, protected area establishment, and biological monitoring.

Mexico Protected Areas Program

The project will support the Mexican government in its efforts to (i) implement protection/conservation programs in ten biosphere reserves in high-priority ecosystems containing endemic and/or endangered species of global importance; (ii) strengthen protected area (PA) management at the reserve level; (iii) promote local participation, including that of indigenous communities, in the implementation of reserve management and operating plans; and (iv) ensure the availability of long-term recurrent cost financing for core protection and conservation activities.

Nicaragua Atlantic Biodiversity Corridor

The project promotes the long-term integrity of a Biological Corridor along Nicaragua's Atlantic slope. It will support preparation and implementation of protected area management plans for the Corridor, and will fund subprojects in direct support of biodiversity conservation in the Corridor. It will assist local indigenous communities in demarcating territories that abut biologically important zones. The project includes capacity building and public awareness in the protection and sustainable use of biodiversity for indigenous and non-indigenous communities, as well as for municipal and regional authorities. It will support land-use planning in the Corridor, a biodiversity monitoring system, and an impact assessment system for development activities, as well as means to enforce mitigating measures. These activities will be closely coordinated with traditional community development activities in the Corridor supported by the associated IDA Credit.

Panama Atlantic Mesoamerican Biological Corridor

As part of the MBC initiative, this project will conserve the Panamanian section of the Corridor. It will include (i) biodiversity assessments, monitoring, land-use planning and information dissemination for the Corridor; (ii) capacity building for governmental, NGO, and indigenous groups in protected area and biological corridor management; (iii) support to field activities in protected areas (infrastructure and equipment for protected area management, protected area demarcation and management plans, community/NGO involvement, and research and visitor facilities); and (iv) support to field activities in indigenous lands (community participation in corridor management, possibly assistance in land tenure) and corridor areas (sustainable economic activities, partnerships with local communities and private economic agents).

Peru National Trust Fund for Protected Areas

The project has four major objectives: (i) to provide a long-term and predictable source of funding for the protection of Peru's biodiversity through the establishment of a trust fund; fund income will be used for financing the management of priority PAs; (ii) to improve the capacity of the National Institute for Natural Resources (INRENA) to protect and manage Peru's protected areas; (iii) to provide the country with a reliable institutional mechanism to channel debt donations for sustainable development and conservation through bilateral and commercial debt-for-nature swap agreements; and (iv) to test the viability of trust funds as mechanisms for providing long-term and sustainable funding for biodiversity conservation.

ASIA

Bhutan Trust Fund for Environmental Conservation

The objectives of the project are (i) to assist the Royal Government of Bhutan to conserve its relatively pristine forests and preserve its rich biodiversity in the face of growing pressures from population increase and agricultural expansion and (ii) to test the feasibility of a trust fund as a mechanism for providing long-term and sustainable support for conservation of biodiversity in a country with severe financial constraints. The Bhutan Trust Fund for Environmental Conservation (BTF) is financing (i) training to develop human resource capacity for PA system management and biological diversity monitoring; (ii) establishing a national system of PAs; (iii) strengthening the management of two

existing PAs, Jigme Dorji Wildlife Sanctuary and Royal Manas National Park; and (iv) developing a model management plan for new PAs.

China Nature Reserves Management

In accordance with China's NEAP and BAP priorities, the project will prepare and implement management plans in five priority PAs, train staff, fund physical investments, and work with communities adjacent to and within PA boundaries to create incentives for sustainable resource use. A second component will restructure a major timber industry in Changqing to promote sustainable forestry and create a core PA of giant panda habitat, surrounded by a limited-use production/buffer zone. The project will build the technical and managerial capacity of the DNR through developing a national training team for biodiversity. It will fund a national nature reserve plan, equipment, policy studies, and operational research, and set up an information management system.

Indonesia Kerinci Seblat Integrated Conservation and Development

The project will secure the future of the biologically rich, 1-million-hectare Kerinci-Seblat National Park by integrating park management and conservation with local and regional development. Park management and protection will be strengthened, based on collaborative linkages with buffer-zone communities and local NGOs and governments. The project will stabilize land use outside the park by promoting local-community and alternate livelihood activities consistent with park conservation objectives and by improving overall local land use to relieve pressure on the park. Biodiversity assessments in lowland forest concessions surrounding the park will contribute to better management of a permanent buffer zone in these areas. The project will (i) strengthen regulatory guidelines for interprovincial, regional planning; (ii) improve conservation awareness locally and in the government; (iii) provide training and extension services to villagers, park staff, and local government staff; and (iv) monitor and evaluate biodiversity conservation, human impacts, and sustainable development in and around the park.

Indonesia Biodiversity Collections

The project strengthens the capacity of the Research and Development Center for Biology (PPPB) to manage systematic collections, including the establishment of a

computerized database to serve as a basic reference tool for biodiversity inventory and monitoring. Potential information users in other sectors will provide advice on database development. Specific components include human resource development, collections maintenance and development, improvement of research facilities, and publications and user products.

India Ecodevelopment

The project will improve the capacity of PA management to conserve biodiversity and increase opportunities for local participation in PA management activities and decisionmaking. It will reduce the negative impacts of the local people on biodiversity, and of PAs on the local people, and increase their collaboration in conservation efforts.

Lao P.D.R. Wildlife and Protected Areas Conservation/Forest Management

The project will protect biological diversity through (i) the designation, establishment, and management of priority PAs, (ii) protection of associated wildlife, and (iii) planning and implementation of community participatory programs in and around PAs. Components include the establishment and management of at least

four protected areas (NBCAs), technical assistance and conservation training with particular emphasis on the recruitment of NGOs for community mobilization, environmental monitoring and evaluation, and the design of a conservation trust fund for long-term financing.

Sri Lanka Conservation and Sustainable Use of Medicinal Plants

The project will design and implement a medicinal plants conservation program. For five botanical reserves where medicinal plants are collected from the wild, it will support baseline research, monitoring, conservation planning, community organizing, enrichment plantings, research on traditional medicinal plant knowledge, sustainable economic activities relating to medicinal plants or taking pressures off wild resources, improved marketing of such plants, and education. *Ex situ* cultivation and conservation of medicinal plants will be supported through research on and promotion of *ex situ* cultivation, and through enhancing *ex situ* collections. The project will also finance legal and policy reforms in support of medicinal plant conservation, a national information network, and training and awareness campaigns.

ANNEX E: ATTEMPT TO IDENTIFY AREA CONSERVED AND PEOPLE AFFECTED

In an attempt to measure some gross results across the portfolio, this review noted indicators of the forest or ecosystem area being conserved and the numbers of local people potentially benefiting directly (or being affected directly) by project investments. These are gross indicators that are not necessarily correlated with biodiversity conserved or poverty reduced. Area conserved says nothing about the nature of the area—whether sparsely vegetated or populated—nor does it capture the number of threatened or endemic species, degree of species richness, ecosystem functions, or degree of threat averted. The number of beneficiaries likewise says nothing about the degree of income improvements or social objectives achieved per beneficiary. Also, these indicators are not appropriate for all projects in the portfolio; some projects are concerned with policy, information systems, and financial mechanisms. However, the indicators at least form a common framework and attempt to address two of the most pervasive project objectives regarding PA management

with local participation. These measures are also found in most lists of potential indicators. They are potentially illustrative of the extent of project effectiveness and the conceptual problems entailed in developing systematic monitoring systems within the Bank's GEF projects.

The study found that 19 projects concerned with PAs and local community benefits provided some kind of baseline estimate of the area being conserved, out of a total of 34 projects that address PA management. The total area reportedly conserved by the reporting projects is estimated at 292,469 km².

Only 13 projects provided an estimate of the number of local people affected or identified as possible beneficiaries. The total population affected is estimated at 2 million for the ten reporting projects. Three additional projects reported villages as beneficiaries, but did not provide an indication of the size of villages involved. (See table E.1).

TABLE E.1. PROJECT DOCUMENT ESTIMATES OF AREA CONSERVED/PEOPLE AFFECTED

Country/ area	Project name	Area conserved/ managed (km ²)	Number of beneficiaries intended	Comments
Africa	Central Africa Region: Regional Environment and Information Management Project (REIMP)	111,000		Equal to 5 percent of Congo Basin
Africa	West Africa Pilot Community-Based Natural Resource and Wildlife Management	3,048		
Bhutan	Trust Fund for Environmental Conservation	9,505		
Cameroon	Biodiversity Conservation and Management	27,670		
Central Asia	Central Asia Transboundary Biodiversity Project	8,000		
China	Nature Reserves Management	9,521	415,487	415,487 people in reserves, buffer and border areas
Ecuador	Biodiversity Protection	15,073	15,000	
El Salvador	Promotion of Biodiversity Conservation within Coffee Landscapes	120		12,000 hectares of coffee farms to connect 75,000 hectares biological corridor area
Honduras	Biodiversity in Priority Areas	350	150,000	150,000 total inside buffer zone, 75,000 of those are indigenous peoples. 350 km demarcated in total project
India	India Ecodevelopment	6,711	804,608	
Indonesia	Kerinci Seblat Integrated Conservation and Development	13,000	1,815	Estimated to benefit 1.5 million people. Involuntary resettlement: GEF social development sheet: 266 hectares and 1,200 individuals, IBRD social development sheet: 137 hectares and 615 individuals displaced
Kenya	Tana River National Primate Reserve	169		9 villages
Lao PDR	Wildlife and Protected Areas Conservation	5,000		
Mali	Household Energy	7,200	245,000	260 villagers, new stove users (245,000 stoves)
Mexico	Protected Areas Program	48,413		10 reserves
Mozambique	Transfrontier Conservation Areas Pilot and Institutional Strengthening	23,140		
Poland	Forest Biodiversity Protection	1,170		
Senegal	Sustainable and Participatory Energy Management.	3,000		125 villages incrementally; no mention of average village size
Uganda	Bwindi Impenetrable National Park and Mgahinga Gorilla National Park Conservation	379	1,000	Affected people > 1,000 forest dwellers, 100 households cultivating inside reserve
Nicaragua	Atlantic Biodiversity Corridor		380,000	At least 200 communities/ 380,000 people
Panama	Atlantic Biological Corridor Project		50,000	
Sri Lanka	Conservation and sustainable use of medicinal plants		2,000	2,000 hectares
TOTAL		292,469	2,064,910	
<i>Average</i>		<i>15,393</i>	<i>206,491</i>	

Source: Project appraisal documents.

ANNEX F: RESULTS OF STAFF SURVEY

On a scale of 1– 4 (poor-fair-good-excellent), Bank task managers rated the project effectiveness of components common to GEF projects. As there were very few “poor” or “excellent” responses, a simplified table (table F.1) was constructed by placing components with scores above the mean (2.6) in the “good” column and

those below the mean in the “fair” column. As noted, the sample (20 task managers and 12 others) was too small to be considered more than indicative—although the low variance does provide some modest reassurance on the results.

TABLE F.1. STAFF ASSESSMENT OF EFFECTIVENESS

Component	Good	Fair
Institution building	Staff training, research and inventory, technical assistance, NGO collaboration, community organization	Private sector development, government forest institutions, public awareness
Policy	Biodiversity action plans, legislative reform, conservation incentives, indigenous rights, public participation, linked income generation, co-management	Land and resource security, coordination with infrastructure sectors
Financial mechanism	Government budget allocation	General taxes, user fees and royalties, private sector promotion
Project management	Institution strengthening, project management unit, participatory management	Monitoring and evaluation
Physical	PA management, PA/forest planning, community/buffer zone management	PA infrastructure

ANNEX G: GEF PROJECTS ASSOCIATED WITH BANK PROJECTS

GEF project	Country	Associated/blended project
Biodiversity Conservation	Argentina	Native Forest and Protected Area
Biodiversity Conservation	Bolivia	Environmental Technical Assistance
National Biodiversity Project	Brazil	National Environment
National Biodiversity Fund	Brazil	National Environment
Nature Reserves Management	China	Forest Resource Development
Biodiversity Protection	Ecuador	Environmental Management
Forest Biodiversity	Ghana	Natural Resource Management
Biodiversity Project	Honduras	Rural Land Management
Ecocodevelopment	India	Ecocodevelopment
Kerinci Seblat ICDP	Indonesia	Kerinci Seblat ICDP
Wildlife and Protected Area Management	Lao, P.D.R.	Forest Management and Conservation
Environment II	Madagascar	Environment II
Household Energy	Mali	Second Power Project
Protected Areas Program	Mexico	Environment–Natural Resources
Transfrontier Conservation Areas Pilot and Institutional Strengthening Project	Mozambique	Rural Rehabilitation Project
Atlantic Biodiversity Corridor	Nicaragua	Rural Municipalities
Atlantic Biodiversity Corridor	Panama	Rural Poverty and Natural Resources
Conservation of Priority Protected Areas	Philippines	Environment and Natural Resource Management
Biodiversity Conservation	Russia	Environmental Management
Sustainable Participatory Energy Management	Senegal	Sustainable Participatory Energy Management
In Situ Gene Conservation	Turkey	East Anatolia Watershed Management
Protected Area Management and Sustainable Use	Uganda	Protected Area Management and Sustainable Use
Biodiversity Conservation in Southeast Zimbabwe	Zimbabwe	Biodiversity Conservation in SE Zimbabwe

ANNEX H: GEF FOREST-RELATED PROJECTS IN THE PIPELINE (\$ MILLION)

Country	Project name	GEF allocation	Cofinancing	Total cost
Belize	Northern Belize Biological Corridors	0.768	3.135	3.903
Bolivia	Sustainability of the National System of Protected Areas	15.300	31.400	46.700
Cambodia	Biodiversity and Protected Area Management Pilot Project for the Virachey National Park	2.750	2.250	5.000
Colombia	Conservation of the Biological Diversity in the Sierra Nevada de Santa Marta	9.380	11.110	20.490
Costa Rica	Ecomarkets	8.330	51.900	60.230
Cote d'Ivoire	National PA Management Program	16.500	51.720	68.220
Croatia	Kopacki Rit Wetlands Management Project	0.750	1.105	1.855
Ethiopia	Conservation and Sustainable Use of Medicinal Plants	1.910	4.900	6.810
Georgia	Conservation of Forest Ecosystems	9.050	24.100	33.150
Guyana	National PAs System	6.000	2.100	8.100
Malawi	Mulanje Mountain Biodiversity Conservation Project	5.300	1.530	6.830
Mexico	El Triunfo Biosphere Reserve: Habitat Enhancement in Productive Landscapes	0.750	1.371	2.121
Mexico	Oaxaca Sustainable Hillside Management Project	0.198	0.000	0.198
Pakistan	PAs Management Project	11.140	15.700	26.840
Papua New Guinea	Forestry and Conservation Project	17.300	38.200	55.500
Peru	Indigenous Management of Protected Areas in the Amazon	10.350	14.000	24.350
Peru	Collaborative Management for the Conservation and Sustainable Development of the Northwest Biosphere Reserve	0.750	1.325	2.075
Romania	Integrated PAs and Conservation Management	5.300	1.600	6.900
Syria	Conservation of Biodiversity and PAs Management	0.750	0.680	1.430
Uganda	Kibale Forest Wild Coffee Project	0.750	3.400	4.150
Total		123.330	261.530	384.800

Note: These projects have been approved by the GEF Council, but most have not been approved by the World Bank Board of Directors, and thus have not been considered for review. This review only includes projects approved by the Board before June 1999.

Source: GEF data.

ENDNOTES

Executive Summary

1. Uma Lele is the team leader of the OED Forest Strategy and Implementation Review; this paper is one component. Jarle Harstad, Senior Monitoring and Evaluation Coordinator in the GEF, provided additional support to this component of the OED study.

Chapter 1

1. Of the 44 projects reviewed, World Bank categorization places 7 in the *forestry* sector, 14 in *natural resource management*, 5 in *environmental adjustment*, 3 in *other environment*, 4 in *agricultural adjustment*, 7 in *other agriculture*, 1 in *technical assistance-education*, and 2 in *oil and gas adjustment*. While some projects are not classified as being in the forestry sector per se, all have a significant forest conservation and management focus.

2. The documents consulted can be found in the Bibliography.

3. Led by Uma Lele, the core team consisted of Nalini Kumar, S. Arif Husain, B. Essama Nssah, Aaron Zazueta, Lauren Kelly, and Maisha Hyman.

4. Case studies include Brazil, Cameroon, China, Costa Rica, India, and Indonesia (see Annex A).

5. The most recent of these are Porter and others 1998; GEF 1999b, d.

6. In 1998, 36 nations pledged a total of \$2.75 billion over four years for the GEF trust fund. They are Argentina, Australia, Austria, Belgium, Brazil, Canada, China, Côte d'Ivoire, Czech Republic, Denmark, Egypt, Finland, France, Germany, Greece, Ireland, India, Italy, Japan, Republic of Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Nigeria, Norway, Pakistan, Portugal, Russian Federation, Republic of Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom, and the United States (GEF 1998a).

7. The *Biodiversity Conservation in the Sunderbans* mangrove project in Bangladesh was included for financial analysis, but dropped from other analyses because no performance or disbursement information was available. Even though the World Bank implements the project, the Asian Development Bank executes it.

8. Short-term response measures (STRM) refer to "proposed activities that are not an integral part of an operational program but are still cost-effective, or that enable the GEF to respond to an urgent need, or seize a promising country-driven opportunity in a timely manner" (GEF 1996a).

9. Includes the *Household Energy* project in Mali Climate Change Operational Program 6 and the *Sustainable Participatory Energy Management* project in Senegal STRM. As these two projects have fundamentally different objectives and activities (rural tree-growing for fuel wood) from the projects with a biodiversity orientation, most of this study's analysis is focused on the latter.

10. The low number in 1999 is the result of the cut-off date (June 1999) for project selection. At the time of the desk review, only one GEF project with forest components had been approved by the World Bank's Board of Directors, although there were

additional projects approved by the GEF Council. OED's scope is limited to projects under implementation, and not in the pipeline.

11. As the OED evaluation of the Bank's regular portfolio appears to indicate, the decline in direct forest project lending in Africa and EAP after 1991 may have been offset by significant forest components in natural resource projects, as well as by GEF grants.

12. OED's Design Paper on Forests and the World Bank shows that direct lending for forest projects before and after the forest strategy dramatically decreased in all regions except LAC and MNA (4 and 3 projects in 1980–91, 4 and 3 projects post-1991, respectively) and to a lesser extent in South Asia (1980–91, 15; post-1991; 11). Africa experienced the largest decrease, from 27 projects to only 3. EAP followed with 11 projects in 1980–91 and 5 in the post-1991 period. (World Bank 1998c).

13. The tropical moist forest countries with Bank GEF projects are: Cameroon, Central African Republic, Congo Republic, Côte d'Ivoire, Democratic Republic of Congo, Gabon, Madagascar, India, Indonesia, Papua New Guinea (FY2000), Philippines, Bolivia, Brazil, Ecuador, Mexico and Peru. Of the remaining, Malaysia, Colombia, and Venezuela have UNDP-implemented GEF projects, leaving only Myanmar unserved.

14. These projects were implemented with grant funds from GEF, governments, and other donors, but not with IBRD loans.

15. There are at least 15 World Bank-funded projects in the forestry category, either active or in the pipeline, for the ECA Region.

Chapter 2

1. These projects include the Central Asia Transboundary Biodiversity Project (Uzbekistan, Kyrgyz Republic, and Kazakhstan 1999); Mesoamerican Biological Corridor (Honduras 1997, Nicaragua 1997, and Panama 1997); West Africa Pilot Community-Based Natural Resource and Wildlife Management (Côte d'Ivoire and Burkina Faso 1995); Transcarpathian Biodiversity Protection (Poland, Slovak Republic, and Ukraine 1993); and Central Africa Region: Regional Environment and Information Management Project (Central African Republic, Congo, Democratic Republic of Congo, Gabon, Cameroon, and Equatorial Guinea 1997).

2. The percentage is higher than the category in table 2.1 because some projects have protected area improvement and expansion as a secondary objective.

3. The draft GEF study by ITAD (ITAD 1999) found that in 29 of 61 GEF biodiversity projects, PA management was the single main change objective. This was followed by environment planning (seven projects), regional coordination (eight projects), and policy reform (three projects), although many more projects had these latter goals as secondary objectives.

4. Sustainable tree production for energy supply is the primary forest component of the two energy conservation projects in Mali and Senegal.

5. Response by GEF Secretariat to December draft report, January 21, 2000.

6. Three-quarters of task managers considered their projects highly relevant. One quarter did not respond. Some stated that they

had not considered the GEF project in light of the forest strategy.

7. GEF has no clear mandate for poverty reduction since its justification is tied to global environmental objectives. Some GEF projects address poverty alleviation as a byproduct, but not as a core activity.

8. See Annex B, "GEF's Interim Guiding Principles for Projects Associated with Logging."

9. The GEF provided \$2,320,000 through the World Bank to 17 projects to help countries elaborate and complete their NBSAPs. This represents 11 percent of the funds allocated to the three implementing agencies of GEF.

10. GEF grants termed "Enabling Activities" are provided by the GEF through the UNDP, UNEP, and the World Bank for preparation of these plans. Thirty-five of the countries in the Bank GEF portfolio received such grants.

11. See OED country studies of Brazil and Indonesia.

Chapter 3

1. The study did not go into all the project files and annexes where monitoring indicators are frequently discussed in more detail than in the main appraisal documents. The authors independently ranked the indicators identified in the design document and averaged the results. The results must be considered as indicative, not exhaustive.

2. The GEF has supported the World Monitoring Center's activities in developing global biodiversity databases. International conservation organizations and NGOs such as WWF, IUCN, Conservation International, and The Nature Conservancy have all developed databases and geographical information systems identifying biodiversity priority areas. Species are tracked through CITES (Convention on International Trade in Endangered Species), the IUCN Redbook, and national lists of endangered and threatened species.

3. Project Concept Document for Central Asia Transboundary Biodiversity Project, August 6, 1997.

4. For a recent Bank review of ICDPs in Asia, see, Sanjayan, Shen, and Jansen 1997; Wells and Brandon 1997.

5. Asmeen Khan, questionnaire response.

6. Thirty-two responses were received, 20 from task managers (12 written, 8 verbal), and 12 from independent experts (8 written, 4 verbal).

7. Interviews with task managers.

8. Task managers interviewed observed that many of the projects had some aspects of sustainable use components.

9. For an in-depth evaluation of GEF trust fund projects, refer to GEF 1999b.

10. Comments by GEF Secretariat in response to December draft report, January 21, 2000. The response team specifically refers to the project in Congo.

11. See ICRs and QAG reports for specific enumeration of problems encountered.

12. Since GEF funds are grants, ministries of finance are sometimes seen as less serious about their commitments to these projects than to similar Bank loan-fund projects.

13. As not all of the project supervision reports (590s, now PSRs) available in the Portfolio Manager Database included covenants, the actual number is likely to be higher.

14. Section 6.01, Class covenant 8, Project ID: NI-GE-41790.

15. Legal Covenant 3.10, Class covenant 8, Project ID: PH-GE-4403.

16. Sch. to PA-para.5(a), Class covenant 10,07, Project ID: IN_GE-9584.

17. These databases include Portfolio Reports, PC Portfolio Performance Monitor.

18. As of March 2000.

Chapter 4

1. During the last project implementation review discussions in 1999, 3 categories were highlighted to classify sustainable use: (a) those that address uses in buffer zones near PAs, (b) those that overlay biodiversity concerns on wider productive landscapes and identify uses that optimize biodiversity conservation while explicitly recognizing the tradeoffs that will occur in that productive landscape, and (c) those that focus on economic components of biodiversity per se. The GEF recognizes that the third category is where the main future challenges lie.

2. Beyond the GEF-Bank portfolio, and including all other types of projects funded by the GEF and implemented by the Bank, Mr. Koch-Weser states that "for every dollar of Bank-GEF assistance, there is an associated dollar of IBRD and IDA resources, and two additional dollars of funding from elsewhere" (Koch-Weser 1998).

Chapter 5

1. Belarus 1992, Czech Republic 1993, Russian Federation 1996, Slovak Republic 1993, and Ukraine 1993.

2. See Annex C for the methodology used by this review. Participation elements were identified only in principal design documents (such as SARs, GEF Project Documents), and the extent of participation was ranked by the presence of each stakeholder and the type of activities performed; projects were independently ranked by each author and then averaged.

3. Examples of highly ranked projects with no mention of participation in their objectives: Nicaragua 1997, Panama 1997, and Sri Lanka 1997.

4. While this issue is likely to be important to some degree in many of the portfolio's projects, it came to a head in the Ghana project when a change of government resulted in changes in agreements over forest management and protection.

Chapter 6

1. This strategy will be presented to the Bank's Board of Executive Directors by October 2000, and the GEF Council has requested the Bank to submit a copy to the Council meeting in November 2000, as well as a summary setting out specific elements that will have a direct bearing on integrating global environmental concerns into Bank policies and programs.

2. This question is critically important in the case of China, whose IDA eligibility ceased on June 31, 1999. According to the OED review team leader's findings, China is generally not interested in borrowing at IBRD market rates for forestry operations, let alone conservation. (Uma Lele: personal communication).

3. The 1991 Forest Strategy cited figures of \$750 million to \$3.2 billion for 21 million hectares of Amazon forest, while the cost of that land would be \$420 million to \$600 million.

4. Operational Procedures of the World Bank: OPs 4.01, 4.03, 4.04, 10.04; GEF's Operational Program 4 (Forestry).

5. Anonymous responses in review questionnaire from Bank task managers, supported by interview results (Spring 1999).

6. All of these issues were scheduled to be addressed in 1999 with the introduction of SAP software and actions by both QAG and OED to take up GEF projects for review.

7. In the latest GEF Council meeting, on May 5–7, 1999, the Council approved a new fixed fee structure for each of the Implementing Agencies. The impacts of this change will only be known with time.

8. This is particularly the case where some of the countries are IDA-eligible and others not—for example, the Central African project.

Chapter 7

1. The OED Country Case Studies of Brazil and Indonesia, however, argue that there has been negligible impact on slowing the rate of deforestation

2. The QAG review of African biodiversity projects reached the same conclusion: "But 'mainstreaming' biodiversity has not yet taken place in most countries, nor even within the Bank" (World Bank 1998a).

3. Policy impacts have been carefully documented in the six country case studies carried out by other members of the OED team (see case studies). These are reinforced by interviews and questionnaire data.

4. The GEF is currently using these *interim* guiding principles as it awaits guidance from the Scientific and Technical Advisory Panel. The initial guidance of the Convention on Biological Diversity in the first part of the 1990s had a strong emphasis on protected areas. More recent guidance has focused on sustainable use. For forest biodiversity, however, this has not changed dramatically. The most recent Conference of the Parties (Bratislava, 1998) just began to develop a work program on forest biodiversity, which is largely focused on research at this stage.

5. The focus on sustainable use, and away from traditional protected area projects, is more apparent in the projects that were in the pipeline at the time of the review. OED does not review/assess projects in the pipeline. For a list of projects in the pipeline (after June 1999), see Annex H.

6. This project will support the establishment of a fund of \$20–50 million to make equity and quasi-equity investments in Latin American companies that sustainably use or protect biodiversity (such as sustainable agriculture, use of underutilized species, SFM, non-timber products, and ecotourism). The reported total cost of \$55 million assumes full authorized capitalization of

the fund, combined with the value of GEF funds. GEF's contribution is \$5.0 million.

7. See evaluations cited in this review, including those conducted by GEF, QAG, and Bank task managers.

8. See Annex F. This approach has been included in more recent project designs, including Pakistan and Central Asia.

9. The Sri Lanka medicinal plants project and the El Salvador shade coffee project are two relatively small exceptions.

10. The BCN is a consortium of The Nature Conservancy, WWF-US, and the World Resources Institute, with funding from the United States Agency for International Development.

11. In Mexico, approximately four proposals were prepared for consideration for medium-size grant funding in the last year. These figures are increasingly being repeated elsewhere.

12. These include the Biodiversity Conservation Network's M&E Guidelines, 1998; World Bank Guidelines for Biodiversity (mentioned in Koch-Weser 1998); and the current GEF study of biodiversity monitoring indicators.

Annex A

1. This draft has benefited from discussions with Lars Vidaeus, Gonzalo Castro, Christine Kimes, Jarle Harstad (GEF), Ken Newcombe (ESSD), and Ridley Nelson (OED).

2. Since the adoption of the 1991 Forest Strategy, the World Bank has committed \$1.6 billion in forestry and \$1.8 billion in forestry component projects.

3. Of these, 61 are agricultural or biodiversity projects that are directly or indirectly relevant for the forest sector. *Note: this is a tentative number derived from a preliminary review and could change.*

4. Operations' goals are *relevant* if they are consistent with the country's overall development strategy, the Bank's assistance strategy for that country, and at least one of the Bank's broader goals of reducing poverty, protecting the environment, developing human resources, and fostering private sector growth.

5. The operation is *efficacious* if it achieves its stated physical, financial, institutional, or policy-related goals.

6. To judge *efficiency* an evaluator assesses results in relation to inputs, looking at the cost, implementation time, and economic and financial results. For details on OED's methodology, please refer to World Bank 1998g.

7. *Sustainability* is defined as the likelihood that the project will maintain its results in the future.

8. *Institutional development impact* is the process of improving a country's ability to make use of its human, organizational, and financial resources.

9. From the GEF's perspective, an activity that makes economic sense in its own right but produces a national benefit is a nonincremental activity or output, in contrast with an incremental activity, which produces a global benefit.

Annex C

1. Information taken from the Social Development Database found in ESSD's website.

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