

UNITED NATIONS DEVELOPMENT PROGRAMME

**‘Conservation and Sustainable Use of Biodiversity in the
Dalmatian Coast through Greening Coastal Development -
COAST’**

ATLAS ID – 43199; PIMS - 2439



Report of the Mid Term Evaluation Mission

6th May 2010

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Acknowledgements

The Mid Term Evaluation (MTE) Team would like to thank all the COAST Project and UNDP staff, and the many other people interviewed who gave freely of their time and ideas (all those listed in Annex 4 contributed). We would especially like to thank the staff of the PIU and the UNDP Croatia CO for their excellent logistical skills and hospitality – particularly Mr. Gojko Berengi (National Project Manager) and Mr Ognjen Škunca (Deputy Project Manager), and Jelena Kurtović (UNDP Croatia) for their organizational efforts and patience with the requests of the MTE.

Following completion of the Draft Report on 8th April 2009, review comments were received from the PIU, UNDP CO and Regional Coordination Unit in Bratislava, and the Ministry of Environment Protection, Physical Planning and Construction. Comments have either been included in the text where these related to factual inaccuracies in the draft, or have been reproduced in full as a footnote to the appropriate text. The MTET has commented on these in some cases. We thank each of the reviewers for providing useful and constructive feedback, which helped to strengthen the final version of this report.

The MTET has tried to provide a fair and balanced assessment of the Project's achievements and performance to date and to provide constructive criticism. We have made recommendations aimed at helping to improve project delivery and sustainability and replication of project results for the remainder of the Project, as well as to aid in the development and execution of future GEF projects.

It should be stated that the MTE was greatly facilitated – and made a pleasurable experience – due to the openness, courteousness and sense of humour of all the Project team. Both the members of the MTET believed that the Project team has a pool of dedicated and talented personnel. Very many thanks to all for a stimulating and very worthwhile assignment.

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6th May 2010

List of Acronyms and Abbreviations

APR	Annual Project Report
AWP	Annual Work Plan
CBRRF	COAST Biodiversity Rapid Response Facility
CO	(UNDP) Country Office
COAST	Conservation and Sustainable Use of Biodiversity in the Dalmatian Coast through Greening Coastal Development
CTE	Core Team Expert
DPM	Deputy National Project Manager
EIA	Environmental Impact Assessment
EU	European Union
GEF	Global Environment Facility
GIS	Geographic Information Systems
HAMAG	Croatian agency for small business
HBOR	Croatian Bank for Reconstruction and Development
IPA	(EU) Instrument for Pre-accession Assistance
M&E	Monitoring and Evaluation
MAFRD	Ministry of Agriculture, Forestry and Rural Development
MEPPPC	Ministry of Environment Protection, Physical Planning and Construction
MSES	Ministry of Science, Education and Sport
MSTTD	Ministry of Sea, Transport, Tourism and Development
NBSAP	National Biodiversity Strategy and Action Plan
NEAP	National Environment Action Plan
NEX	(UNDP) National Execution Modality
NGO	Non-government Organisation
NPD	National Project Director
NPM	National Project Manager
OFP	Partner agency Operational Focal Points
PAP/RAC	Priority Actions Programme/Regional Activity Centre (of the UNEP Mediterranean Action Plan - MAP)
PAs	Protected Areas
PDF B	Project Development Facility – Block B
PDF	Project Development Funds
PIMPA	Public Institution for Managing Protected Natural Values
PIR	Project Implementation Review
PIU	Project Implementation Unit
PMG	Project Management Group
PSC	Project Steering Committee
SAPARD	Special Accession Programme for Agriculture and Rural Development
SAP BIO	(GEF/UNEP) Strategic Action Plan for the Protection of Biodiversity in the Mediterranean Basin
SGP	Small Grants Programme
SINP	The State Institute for Nature Protection
SMEs	Small and Medium Enterprises
SP2	GEF Biodiversity Strategic Priority No. 2
SPP	Stakeholder Participation Plan
SWOT	Strengths, Weaknesses, Opportunities and Threats (Analysis)
TOR	Terms of Reference
UNDP	United Nations Development Programme
WB	The World Bank
WWF	The World Wide Fund for Nature

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EXECUTIVE SUMMARY

Project evaluation

The MTE was conducted between January and April 2010, with field visits conducted over a period of 22 days between 1-22 February 2010 by a team of one International Consultant and one National Consultant. The MTE was based on the review of key Project and other related documents and interviews with 90 people from various stakeholder groups in Zagreb and Dalmatia, and UNDP. The MTE Report was finalised on 6 May 2010.

Key findings

Overall, the Project is evaluated as *Marginally Satisfactory*. However, the MTE believes that the COAST Project has the potential to be a very good project and reach at least a *Satisfactory* rating at the Final Evaluation stage if the design is simplified and refocused with a revised logframe and better set of indicators, Project team capacity is increased, communication and project dissemination improved and, crucially, if the GBSP model can demonstrate it can deliver both biodiversity and financial and economic benefits.

Conceptualisation/design – The original project design was too complicated with too many elements and not coherent - the Outcomes and Objective are poorly worded, the Outputs are confusing, and there is a poor set of logframe indicators (not SMART and some don't connect with the Objective or Outcome). The project was not adequately reviewed and revised at the inception period (considered a significant error), the Annual Work Plans are complicated and confused and not easy to follow, the Project concept is not clear to many interviewees in national authorities and benefits of 'green business' not well understood, and the Project Document is confusing to many people. Overall the COAST Project conceptualisation/design evaluated as *Marginally Unsatisfactory*. There are also weaknesses in the design of the GBSP, especially relating to evaluation criteria and measures of success, the process for evaluating applications and there is concern whether the GBSP will be able to demonstrate financially viable businesses and benefits to biodiversity from the GBSP projects before it ends in 2013 due to lack of appropriate indicators, although it is innovative and design of the GBSP component evaluated as *Marginally Satisfactory*.

Stakeholder participation/public involvement – There has been wide stakeholder participation at the PDF-B stage and up to MTE with many opportunities for local stakeholders to be involved (e.g. through workshops, GBSP projects, etc), good support by government institutions although some national level agencies have been very critical of the lack of information on the Project and don't feel they are being kept informed or sufficiently involved in decision-making. There is also a poor and confusing Communications Plan and insufficient staff time spent on communication especially at national level due to other commitments, although many Project documents available for download from website. There has been good use of experts from institutes and universities in Project activities but little involvement of NGOs. Evaluated as *Satisfactory*.

Implementation Approach - Good partnerships in implementation arrangements at County level, less so at national level but unclear extent at municipal level although apparently not high. Overall project management has been good with a capable, technically qualified and dedicated team (both PIU staff and secondees) with a good reputation among almost all stakeholders. Good management of GBSP element. Project team has a good adaptive management approach with good risk identification and mitigation, but the poor design of the logframe has created problems in its use and lesson learning on the Project has been weak and not formalized. Evaluated as *Satisfactory*.

Monitoring and evaluation – Hampered by poor logframe with too many non-SMART indicators and a lack of impact indicators. Quarterly reports are brief and generally reporting need more detail. Internal activity monitoring is good but PIU-UNDP CO meetings need to be regular scheduled events. Evaluated as *Marginally Satisfactory*.

Sustainability – Prospects for institutional sustainability is good with agreement on transfer of GBSP to the CDAs and banks at end of Project (although who will provide BD support for GBSP after project is not resolved) and provision of the secondees to the CDAs and PIMPAs to build capacity (good strategy). However, long-term financial sustainability is less clear at MTE stage due to depressed economic and financial situation and weak markets for GBSP products and services and doubt over the financial benefits from the GBSP models among some key stakeholders. Prospects for social sustainability are good due to the wide range of stakeholders involved in Project. A Sustainability and Exit Strategy has still to be developed. Evaluated as *Satisfactory*.

Results

Achievement of objectives/outcomes – Some indicator targets met, although some have no MTE targets and MTET disputes the formulation of other indicators or their calculation. Overall, evaluated as *Marginally Satisfactory*.

Objective: To effectively transform actions, practices and approaches of private operators in the tourism, agriculture and fisheries sectors in the four coastal counties, in part by influencing the banking sector, and thereby mainstream biodiversity conservation into these sectors - Initial assessment of indicators relating to the Project's Development Objective are generally positive and all three have apparently been achieved, although the MTE has issues with how these indicators are defined and/or calculated. There is lots of potential to achieve significant mainstreaming in second half of Project. Evaluated as *Marginally Satisfactory*.

Outcome 1: Biodiversity-friendly development is demonstrated in four small, globally important, productive landscapes - Good results so far with establishment of GBSP in the four counties, involving novel agreements between counties, banks and UNDP, with over 200 applications received in first Call for Proposals (although most were for grants and only one was for a loan, and 60% of applications were rejected). Financing of 6 secondees to increase technical capacity and 'embed' biodiversity within the working practices of the CDAs and PIMPAs. Delivery of a series of fauna, flora and habitat studies with detailed mapping and important action plans to support development of green business in the agriculture, fisheries/mariculture and tourism sectors. However, the case for GBSP has not yet been demonstrated, as it will require some years to show financial and biodiversity benefits. Evaluated as *Satisfactory*.

Outcome 2: An improved investment climate for BD-friendly enterprises across the four counties – Important involvement of two banks (Splitska Bank and Jadranska Bank) as partners in the GBSP with establishment of the Partial Guarantee and Loan scheme (with up to 50% guarantee for a loan of up to US\$ 80,000 with a preferential interest rate) but bank involvement is still seen as an 'experiment' by senior managers whose key criteria for success is financial. Two workshops on promoting green business involving most of Croatian banks held by Project but follow-up interest has been very limited so far. Some important input into preparation of national draft guidelines for an eco-tourism accreditation scheme, which should be approved in 2010. However, only limited promotion of organic products at various fairs and event. Despite successes, MTE found poor understanding of linkage between biodiversity, business and sustainable use of natural resources among stakeholders. Evaluated as *Marginally Satisfactory*.

Outcome 3: Compliance with biodiversity-related regulations has increased significantly across all sectors across the four counties – Confused Outcome mixing compliance with strengthening of legislation and regulations and least successful of the Outcomes so far. Some capacity building activities, especially with fishing communities and spatial planners (notably through a workshop on landscape and coastal planning in Sardinia). Compliance activities, especially with fishermen to encourage them to fish more responsibly, have begun but limited. Evaluated as *Marginally Satisfactory*.

Outcome 4: A national-level enabling environment that appreciates, supports, institutionalises and disseminates biodiversity-friendly development in coastal areas – National level activities have received less attention after loss of Zagreb-based Deputy Project Manager, and more difficult to define as much of the work relates to lobbying and awareness-raising at the senior government level, although many meetings with national and county level authorities responsible for nature conservation, spatial planning, agriculture, fisheries and tourism development to promote Project aims. Information from a study of the Cetina River incorporated into updated spatial plans for the County of Split-Dalmatia (co-financed by COAST). Establishment of Project website and series of media presentations. Evaluated as *Marginally Satisfactory*.

Key achievements/impacts to date - High quality, widely available biodiversity information on the Dalmatia region (inventories, maps, flora guide, etc) and action plans (agricultural, eco and rural tourism, native varieties/breeds, etc) which fill a significant 'information gap', particularly on the biodiversity of key islands off the Croatian coast which have been very poorly surveyed in the past. Information and workshops to raise awareness among physical planners of the need to give greater prominence to biodiversity conservation in physical plans, and capacity building within the four CDAs and two PIMPAs (Dubrovnik-Neretva and Sibenik-Knin) with the successful integration of 6 secondees (highly valued by these institutions). Another key achievement is considered the establishment of a GBSP in each of the four counties – the GBSP is innovative and experimental, and has had to overcome a general culture of inertia and lack of initiative, although the model is still unproven. The creation of very good networks and working partnerships (few exceptions, e.g. PIMPA in Split) with good relationships with most stakeholder groups, especially in the agricultural sector and the fisheries sector, which is very conservative and difficult to access in Croatia, although relationships with tourism less developed at MTE stage.

Main failings to date – The original project design was too complicated with too many elements and not coherent (Outcomes and Objective are poorly worded, the Outputs are confusing, and there is a poor set of logframe indicators). There are also weaknesses in the design and operation of the GBSP, especially regarding the length of time to evaluate applications (in part due to the need to assess local partners capacity to operate a green business project). Most GBSP applications have been for grants not loans¹ and the success and sustainability of the partial guarantee and loans scheme is not certain, and there is a

¹ The PIU comments that 'this shouldn't be taken as partial failure or reason for disappointment...it took us longer to establish the loan/partial guarantee instrument than expected, so we were not in position to offer loans early on'.

question over whether the GBSP will be able to demonstrate financial and biodiversity benefits before the project ends in early 2014. The Project's overall contribution to conservation of globally important biodiversity² is not very clear and needs to be detailed and unfortunately neither the Project nor the GBSP have adequate indicators to measure relevant impact on biodiversity. There is also still a relatively low level of interest and engagement by the banking sector. There is inadequate communication and information dissemination on the Project and inadequate capacity and overlapping roles and responsibilities within the PIU team, and a major problem with office space which impedes effectiveness and efficiency.

Key recommendations

Overall Project strategy and design

- Revise logframe with a smaller set of activities and Outputs under reworded Outcomes and Objective, with an Outcome 5 added to capture all project management, monitoring and evaluation, lesson learning and project results dissemination, and improved set of (SMART) indicators, with additional biodiversity indicators
- Cut forest and water quality activities from Project

Design and operation of GBSP

- Review and revise criteria for selection of GBSP projects with greater detail on what constitutes a priority for funding and focus on supporting direct development of green businesses (update GBSP Manual version 4.0)
- Develop and assign at least one SMART biodiversity and business/financial indicator for each GBSP project and reconstruct baseline for those that currently do not have them
- Establish a small, unrestricted fund within the general GBSP budget to develop ideas that would benefit multiple GBSP projects and help promote green business generally in Dalmatia, e.g. birdwatching, thematic routes
- Undertake detailed market analyses of the likely demand and opportunities for BDFBs in the three target sectors in Croatia with a cost-benefit analysis comparing BDFBs with standard business models
- Undertake a Mid Term Evaluation of the GBSP in late 2012, and a post-Project evaluation of the GBSP in 2016 (5 years after the last agricultural project funded under the third Call for Proposals begins to allow sufficient time for GBSP projects to produce a commercial crop so financial impact can be assessed)

Relevance

- Repeat analysis of EU Accession requirements relevant to the COAST Project, how current baseline includes actions taken by Croatia as part of its EU Accession requirements, and incremental of COAST Project
- Agree and confirm limits to COAST Project involvement with activities that might be seen as directly support EU Accession process.

Stakeholder participation and public involvement during Project implementation

- Develop a 3-4 page, illustrated, 3-monthly newsletter, available for download from Project website and in hard copy, with distribution to all major stakeholders (both to individuals and their institutions).

Project direction, management and execution

- Review and revise tasks of DPM and transfer most of duties relating to GBSP (all of technical but leaving an oversight role) to the Project Associate (Economics), and increase role of DPM at the national level (for mainstreaming activities).
- Recruit two additional members of staff at the PIU – a Project Communications and Public Relations Officer, and a part-time Project Assistant (Economist) to support the existing full-time Project Associate (Economics).
- Revise ToRs and contracts of all PIU staff and rebalance responsibilities and tasks to reflect needs for remaining half of Project implementation.
- Rent new office space and relocate PIU office either as a group to a new office or split into two with some staff remaining in the existing office and the others moved to another site close by.

Adaptive management framework

- Improve monthly reporting by the PIU to the UNDP CO, with short but structured report, and ensure a minimum of two-monthly meetings between PIU and UNDP CO at which project progress, problems, risk and other issues can be discussed.
- Ensure that the whole of the GBSP application and selection process, is properly documented³ including a more detailed explanation of how co-financing was calculated for individual projects to be given in quarterly reports.

² Globally important biodiversity is defined here as species and habitats identified under the various international analyses, such as the IUCN Red Data Book, EU Birds Directive, EU Habitats Directive, Convention on Migratory Species, Bern Convention, etc, and includes threatened and endemic species (national and regional endemics). Globally Important Biodiversity also includes native breeds and varieties, as the agro-biodiversity is recognised as an important component of biodiversity under the Convention on Biological Diversity (CBD).

³ The PIU points out that the 'process passed through internal UNDP CAP procedure that assessed it as satisfactorily documented'.

- Carry out a separate risk identification and mitigation analysis for the GBSP model as a whole, and improve the risk analysis and mitigation developed for each individual GBSP project.
- Revise the AWP for 2009-2010 (and the monthly plans which are developed from them), along with all future work plans, so that activities are placed under their relevant Outputs and no activities are repeated between Outputs or Outcomes.
- Establish a formal, structured lesson learning exercise, to take place as part of an annual Project retreat.

Project Communication

- Develop new COAST Project Communication and Results Dissemination Strategy and Plan.

Project partnerships and linkages with other interventions within the sector

- Arrange meeting with PIMPA Split-Dalmatia, at PIMPA office in Split to find resolution to PIMPA complaint to Government over the COAST Project and to more actively involve the PIMPA with COAST activities.
- Establish a 'GBSP network' linking all existing GBSP together with their own newsletter, email list and host an annual meeting of all GBSP members within a county.

Disbursements and financial management

- Include trained economists or SME experts among the PIU and CDA members of the 'Commission for approval of partial guarantees', and expand Commission to include a representative from the participating bank to ensure that the banks are more actively involved in the GBSP selection and decision-making processes as soon as possible (to improve risk assessment of likely GBSP projects and increase likelihood of institutional sustainability of GBSP after COAST Project).
- Reallocate some of the technical assistance financing for the GBSP to the grants and/or Partial Guarantee and Loan scheme.
- Recalculate co-financing for each GBSP project using co-financing figures based on costs no more than 18 months old, and limited to only the 28 projects that have already signed a GBSP contract.

Achievement of Project Outcomes and delivery of Project results

- Transfer the GBSP project 'Assessment of the abundance and distribution of dolphins in the Vis archipelago and recommendations for conservation and sustainable use of identified areas of special BD value / importance' (project number 2004210) from the GBSP to the general COAST Project, along with its budget.
- Fully document the GBSP application and selection process to date and include a detailed analysis of rejected applications.
- Change the current staged Call for Proposals to a permanently open Call.
- Commission study of economic, social and environmental importance of BDFBs (focusing on agriculture, fisheries/mariculture and tourism sectors) - general review, with regional and Croatia-specific examples.
- Engage in a more proactive approach to the banking community at national and county level, with development of a strategy for how best to engage the banks and a series of targeted follow-up meetings to the workshop held in Zagreb in 2009⁴.
- Identify and pursue new opportunities for mainstreaming into existing programmes and projects in key sectors (e.g. Ministry projects and programmes) in a more proactive manner, looking to cost-share to increase effectiveness and efficiency of mainstreaming.
- Develop specific mainstreaming strategy and plan and include in Project Communication and Results Dissemination Strategy and Plan.
- Identify key influential individuals in each of the target sectors to act as 'champions' to promote the Project within the business community in Dalmatia, and arrange study tours to see successful examples of BDFBs in their sector.

Sustainability

- Clarify agreement over arrangements for assessing biodiversity value of future business proposals when Project ends.
- Produce a COAST Project Sustainability and Exit Strategy.

Duration of COAST Project

- Ensure COAST Project remains fully operational until February 2014 (even if UNDP CO closes in 2012), and ensure capacity built to transfer GBSP Project activities to CDAs and banks by autumn of 2013 (6 months before official end of Project)

⁴ The PIU notes that 'currently we are accumulating experiences (with Jadranska and Splitska banka) that will hopefully be ready for presentation and associated scale-up sometimes in 2011'.

1 INTRODUCTION

1.1 PURPOSE OF THE EVALUATION AND KEY ISSUES ADDRESSED

1. The Monitoring and Evaluation (M&E) policy at the project level in UNDP/GEF has four objectives: i) to monitor and evaluate results and impacts; ii) to provide a basis for decision-making on necessary amendments and improvements; iii) to promote accountability for resource use; and iv) to document, provide feedback on, and disseminate lessons learned.

2. In accordance with UNDP-GEF Monitoring and Evaluation policies and procedures⁵, all Full-Sized Projects supported by the GEF should undergo a Mid Term Evaluation. The Mid Term Evaluation (MTE) of the *Conservation and Sustainable Use of Biodiversity in the Dalmatian Coast through Greening Coastal Development – COAST* (hereafter COAST Project) was initiated by UNDP Croatia as the GEF Implementing Agency. Specific objectives of the COAST Project MTE (see Terms of Reference (TOR) in Annex 1 for full details) were to:

- Identify potential project design problems, relevance to national priorities and degree of ownership;
- Assess the overall delivery of the Project to date, including progress towards achievement of Project objective and outcomes, quality of results, and effectiveness and efficiency of the Project, implementation and management arrangements, likelihood of achieving the overall objective in the project's timeframe, and the likely sustainability of Project interventions and results;
- Identify any difficulties in project implementation and their causes, and recommend courses of action to strengthen Project delivery; and,
- Identify and document any initial lessons learned concerning Project design, implementation and management and make recommendations that might improve other UNDP-GEF projects.

3. After discussions on the TOR with the UNDP Croatia Country Office (UNDP CO) and UNDP-GEF Bratislava staff at the start of the evaluation, it was agreed that the Mid Term Evaluation Team (MTET) should give special attention to assessing the concept and design of the Project (particularly the project logframe and indicators), Project implementation in terms of quality and timeliness of inputs, efficiency and effectiveness of activities carried out, achievement of the objectives and outcomes, as well as the likely sustainability of its results, with a special focus on the design, implementation and preliminary results of the Project's Green Business Support Programme (GBSP) component.

4. The MTET also kept in mind and evaluated issues according to the criteria listed in the *UNDP-GEF Monitoring and Evaluation Policy*, namely:

Relevance – the extent to which the activity is suited to local and national development priorities and organizational policies, including changes over time;

Effectiveness – the extent to which an objective has been achieved or how likely it is to be achieved;

Efficiency – the extent to which results have been delivered with the least costly resources possible;

Results – the positive and negative, and foreseen and unforeseen, changes to, and effects produced by, a development intervention⁶; and,

Sustainability – the likely ability of an intervention to continue to deliver benefits for an extended period of time after completion. Projects need to be environmentally as well as financially and socially sustainable.

1.2 APPROACH AND METHODOLOGY OF THE EVALUATION

5. The evaluation approach was determined by the TOR (Annex 1), which were closely followed. The MTE

⁵ See <http://www.undp.org/gef/05/monitoring/policies.html> for the UNDP Monitoring and Evaluation Policy and <http://thegef.org/MonitoringandEvaluation/MEPoliciesProcedures/mepoliciesprocedures.html> for the GEF Monitoring and Evaluation policy.

⁶ In GEF terms, results include direct project outputs, short- to medium-term outcomes, and longer-term impacts including global environmental benefits, replication effects and other, local effects.

mission was conducted over a period of 22 days between 1-22 February 2010 by a team of one International Consultant and one National Consultant, following the itinerary detailed in Annex 2. The MTET employed a variety of methods including:

- A **review of relevant project documentation** provided by the COAST Project's Project Implementation Unit (PIU), UNDP CO, UNDP-GEF, as well as documents obtained from the internet (list given in Annex 3);
- A mission to Croatia by the International Consultant, and, together with the National Consultant, **field visits** to the four target counties (Dubrovnik-Neretva, Split-Dalmatia, Sibenik-Knin, and Zadar) with visits to project demonstration areas and GBSP projects sites;
- **Semi-structured interviews** using **questionnaires** with key project individuals, partners, stakeholders and project beneficiaries; and,
- **In-depth analysis and interpretation of data** collected following the mission to Croatia.

6. Interviews were held with more than 90 people from the UNDP CO, COAST Project staff (all 5 PIU staff and 6 secondees in the 4 counties), UNDP-GEF staff (Bratislava, global), relevant government institutions (national and county level and one municipal authority), 4 County Development Agencies (CDAs), members of the Project Steering Committee (PSC), Chief Technical Experts (CTEs) attached to the Project, other key partners including national NGOs, and individual beneficiaries of project activities including the leaders of 16 GBSP projects. (A list of people interviewed is given in Annex 4).

7. The MTET adopted a participatory approach in which interviewees were encouraged to discuss (among other things) their own experiences of the COAST Project, what impact it had made on their own lives and community or organization, what they felt had been its successes and failures to date⁷, and what needed to be changed to strengthen delivery of the Project objective. Throughout the evaluation, particular attention was paid to recording individual stakeholders' views⁸ and in reassuring Project staff and stakeholders that the purpose of the MTE was not to judge performance in order to apportion credit or blame but to determine ways to maintain or improve implementation to ensure the Project's successful conclusion and to gather lessons for the wider GEF context. Wherever possible, information collected was crosschecked between various sources to ascertain its veracity, particularly if there were conflicting claims.

8. The MTET rated the project achievements, as detailed in the TOR, according to the GEF project review criteria, using the ratings of Highly Satisfactory (HS), Satisfactory (S), Marginally Satisfactory (MS), Marginally Unsatisfactory (MU), Unsatisfactory (U), Highly Unsatisfactory (HU) and Not Applicable (NA).

9. A brief presentation of the preliminary findings of the MTE was given by the MTE Team (MTET) at the UNDP CO (meeting attended by the UNDP Programme Officer, UNDP Programme Associate, the National Project Manager, Deputy Project Manager, and interpreter/driver) on 22 February 2010, immediately prior to the departure of the International Consultant from Croatia. A copy of the presentation was left with the attendees as the MTE Interim Report. A draft MTE Report was produced by 8 April 2010 and the final report was finalised after receipt of comments from project stakeholders, coordinated by the UNDP Croatia CO, on 6th May 2010.

2 THE PROJECT AND ITS DEVELOPMENT CONTEXT

2.1 INTRODUCTION – THE PROJECT REGION

10. The project area consists of the southern half of Croatia's coast (the "Dalmatian coast") and adjacent parts of the Adriatic Sea and islands, and covers all districts and municipalities with a coastline in the four counties of

⁷Such questioning often reveals less tangible benefits and impacts that are not identified within a standard GEF project M&E system heavily reliant on logframe indicators, but which can nevertheless be important to stakeholders, useful for improving project partnerships, and essential for delivering projects with real sustainable impacts.

⁸ Different participants in a project often have very different ideas on what constitutes success and failure. Local people's views are no less important than those of a Minister, and it was considered important that all relevant beneficiaries or stakeholders had the opportunity to participate in the MTE.

Zadar, Šibenik – Knin, Split – Dalmatia and Dubrovnik – Neretva. Together these counties cover more than 1.6 million ha but have a total population of less than one million people.

11. The region is characterised by a complicated mosaic of land-uses, with terrestrial, marine, coastal and island ecosystems, intermixed with diverse human activities. Characteristic features within the Project area include a thin coastal mainland strip, with approximately 600 km of coastline, with river estuaries, wetlands, mountains (up to 1,700 m) and coastal cliffs, and hundreds of small and medium-sized islands lying in shallow waters close to the coast, with up to 100 more distant, relatively pristine, uninhabited islands, surrounded by marine waters stretching up to 100 km from the coast.

12. The two major economic activities in the area are tourism and industry, the latter concentrated principally around Split and Zadar. Agriculture, including livestock-raising and grape and olive cultivation, is also common and most land in the Project area is allocated to low-intensity agricultural uses. Fishing is also important, with a growing shellfish farming sub-sector. Due to the combined effects of the 1990-95 war, the ongoing transition from a socialist to a market economy, the turbulent privatisation process in the early 1990s, and the global financial crisis and associated recession since 2008, the economic situation in Croatia is considered challenging. The Dalmatia region has relatively high levels of unemployment and low levels of household income and investment compared to the rest of Croatia, and improving livelihoods for the general population, particularly rural communities and on the islands, is one of the most pressing issues for the region's county and municipal authorities. Croatia is a Candidate Country to the European Union (EU) with membership expected in 2012.

13. As the Project Document points out, the Dalmatia region has a high degree of coastal biodiversity and uniqueness due to its biogeography and topographical features and long human land use and climate history, which has been recognised by several regional and global analyses. For instance, within the context of the *EU Habitats Directive*, the Project area has 64 different types of habitat, of which 7 are accorded 'priority habitat' status, and 28% of the Project area consists of habitats listed as *habitats of internationally recognised importance* under this Directive⁹. Common terrestrial habitats include various types of beaches and sand dunes, salt marshes, salt steppes and salt scrubs, cliffs, wet meadows, dry grasslands, deciduous thickets, maquis, garrigue and various types of forest. Habitat and landscape diversity is very high due to marked changes in land use over short distances, producing a mosaic pattern with very small patches. The fact that the vast majority of land is dedicated to low-intensity agriculture means that almost all land outside of the urban and tourist development areas provides suitable habitat for biodiversity¹⁰. In terms of species diversity, 2,187 vascular plant taxa have been recorded from Dalmatia, of which 165 are endemic. The area is home to at least 125 threatened species of animals that are listed in the Croatian Red Book, and at least 70 species are listed under the Bern Convention.

14. Over the last 3,000 years, low-intensity farming, which incorporates green hedges, rubble walls, small natural ponds and natural paths, have created a unique set of habitats and species. This system of land use and associated complex mosaic landscape and biodiversity have now largely disappeared from other Mediterranean regions, having been replaced by industrial agriculture, urban land or climax vegetation. This rich complex of ecosystems, habitats and land-use generates Dalmatia's unique overall landscape and seascape diversity, which is a key feature of the region's outstanding attraction to tourists and basis for its tourism industry.

2.2 PROBLEMS THAT THE PROJECT SEEK TO ADDRESS

15. The Project Document lists four primary threats to biodiversity in the Dalmatia region: destruction and degradation of habitat and landscape, over-harvesting of flora, fish and other marine species, changes in species and eco-system structure; and pollution. The Project Document further identified a series of barriers to tackling these threats, achieving effective sustainable development of the region's tourism, agriculture and fisheries sectors, and conservation and sustainable use of biodiversity in Dalmatia.

⁹ In addition, Conservation International has identified the Mediterranean Basin ecosystem as one of 25 global biodiversity hotspots; the *WWF Mediterranean Gap Analysis Programme* identified the Croatian Coast ('Eastern Adriatic') as one of 13 priority Mediterranean marine areas for conservation and protection; and the *UNEP 2003 Strategic Action Programme for the Conservation of Marine Biodiversity in the Mediterranean Region* identified the Dalmatian coast as one of the three priority areas for conservation in the Mediterranean.

¹⁰ Dalmatia has a particularly high level of agro-biodiversity with many unique varieties of grape and olives.

- *Shortages of data and information* (there is a general lack of suitable, reliable, updated and consistent information but particularly on biodiversity and landscape diversity);
- *Unsupportive investment climate for private sector* (including lack of funds available to private sector from banks, short-term planning horizon with a strong belief that a resource must be exploited or someone else will exploit it resulting in the ‘tragedy of the commons’, perceived low profitability of biodiversity-friendly investments, and inadequate plans to guide activities);
- *Lack of financial/fiscal incentives* (existing subsidies to unsustainable practices e.g. low-cost pesticides, little understanding or trust of market-based instruments, and little or no knowledge of economic savings associated with environmentally clean behaviour);
- *Low government administrative capacity*, especially at county and municipal levels (inadequate planning capacity, poorly integrated planning/management systems with little use of biodiversity conservation data in the physical planning process, no mechanisms for co-coordinating actions across sectors, and limited skills or culture of participatory planning and decision-making); and
- *Low awareness and knowledge* (on biodiversity and landscape diversity issues and opportunities among key sector personnel e.g. tourism agencies, and low knowledge of alternative practices and technologies, as well as low general public awareness of biodiversity and high tolerance of illegal behaviour including environmental crime).

16. The COAST Project aims to remove these barriers, and thereby transform the tourism, agriculture and fisheries sectors to more environmentally sustainable development.

2.3 PROJECT DEVELOPMENT

17. The initial concept of the COAST Project dates back to the late 1990s, and was developed during PDF-A and PDF-B phases between 2002 and 2005. The COAST Project was submitted to GEF in September 2005 under Operational Programme 2 (Coastal, Marine and Freshwater Ecosystems) and Strategic Priority BD2 (Mainstreaming Biodiversity in Production Landscapes and Sectors) of the GEF Business Plan, whose specific objective is to ‘*integrate biodiversity conservation in agriculture, forestry, fisheries, tourism and other production systems and sectors to secure national and global environmental benefits.*’¹¹

2.4 IMMEDIATE AND DEVELOPMENT OBJECTIVES OF THE PROJECT

18. According to the Project Document, the **Overall Goal** of the Project is to ‘*ensure that the development path of the Croatian coast is environmentally friendly, with the conservation of biological diversity firmly mainstreamed into that development path.*’

19. The **Project Objective** is to ‘*effectively transform the actions, practices and approaches of private operators in the tourism, agriculture and fisheries sectors in the four coastal counties, in part by influencing the banking sector, and thereby to mainstream biodiversity conservation into these sectors.*’

20. The **Outcomes** of the Project are:

- **Outcome 1** – ‘*Biodiversity-friendly development is demonstrated in four small, globally important, productive landscapes.*’;
- **Outcome 2** – ‘*An improved investment climate for BD-friendly enterprises across the four counties.*’;
- **Outcome 3** – ‘*Compliance with biodiversity-related regulations has increased significantly across all sectors across the four counties.*’; and,
- **Outcome 4** – ‘*A national-level enabling environment that appreciates, supports, institutionalises and disseminates biodiversity-friendly development in coastal areas.*’

¹¹ Original document from 2001/2002 not available. Quote is from ‘Biodiversity in the GEF Operational Strategy’ (http://www.gefweb.org/Projects/Focal_Areas/bio/bio_ops.html)

21. Overall then, the Project has two main focal areas – the development, testing, demonstration, and promotion of 'green business' and relevant models (through Outcomes 1 and 2), and improving policy, planning, legislation and regulations to support biodiversity friendly development and building the capacity to implement this at national, county and local levels (through Outcomes 3 and 4).

2.5 PROJECT START AND DURATION, AND IMPLEMENTATION MODALITY

22. The COAST Project entered the GEF Work Programme on 18th June 2003. The Project Document was signed on 27th February 2007, and first disbursement of Project funds occurred on 1st March 2007. A project inception phase lasted 6 months from January-July 2007 and an Inception Workshop was held on 8th and 9th May 2007 to officially launch the COAST Project¹².

23. The National Project Manager (NPM) and a Deputy Project Manager based in Zagreb were recruited earlier on 1 November 2006; other key staff –, a Deputy Project Manager based in Split, a Project Assistant (Communication) and Administrative and Financial Assistant were recruited by 1 April 2007. In addition, six sectoral experts were contracted for the inception period to advise on project implementation, covering the following fields: terrestrial biodiversity; fisheries/mariculture and marine biodiversity; landscape; tourism; agriculture; and biodiversity friendly business development. In addition, the PDF-B Project Manager was contracted for a period during the inception stage to help review the Project and advise on implementation.

24. The Project was originally planned to last for 84 months (7 years), with an expected completion date of 28 February 2014. However, during the approximately two-year period between the end of the PDF-B stage (spring 2005) and the signature of the Project Document (27th February 2007), the exchange rate between the US Dollar and Croatian Kuna had declined considerably, which meant the Dollar had less 'buying power' in Croatia (over the same period of time the average costs of activities associated with project implementation, had slightly increased or at best remained the same)¹³. As a result, the project budget and activities were revised at the inception stage and some activities cut.

25. Project implementation is through the UNDP Croatia CO and project execution is through the National Execution (NEX) modality, with the Project Implementation Unit (PIU) Office located in Split. The designated national institution (Implementing Partner) is the **Ministry of Environmental Protection, Physical Planning and Construction (MEPPPC)**.

2.6 MAIN PARTNERS/STAKEHOLDERS

26. A detailed stakeholder analysis was conducted during the Project's PDF-B stage in 2005. This was then reviewed at the inception stage, but despite the 18-24 month gap the only significant changes relating to stakeholder input were to the composition of the Project Steering Committee (see below). Based on analysis of the Project's documents (Project Document, Inception Report, PIFs, quarterly reports), the main stakeholders in the COAST Project up to the MTE, and with which the COAST Project has had most contact, have been:

National level (ministries, authorities and institutions, agencies, services)

- Ministry of Environmental Protection, Physical Planning and Construction (MEPPPC);
- Institute for Physical Planning (IPP);
- Ministry of Agriculture, Fishery and Rural Development (MAFRD);
- Croatian Agricultural Extension Institute;
- Ministry of Culture (MC);
- State Institute for Nature Protection (SINP);

¹² On the first day, an internal project review was held at the workshop attended by the Project team, UNDP Croatia CO, the UNDP-GEF Regional Technical Advisor for Biodiversity, and the PDF-B Project Manager. On the second day, a broader external workshop was held with the participation of the Project team, representatives of UNDP Croatia, UNDP-GEF Regional Centre, members of the Project Steering Committee and the Project's Operational Focal Points, as well as numerous representatives of national, county and local government agencies, NGOs, and private sector companies. A comprehensive list of stakeholders that attended the Inception Workshop is given as in annex II of the Inception Report.

¹³ The Dollar-Kuna exchange rate has stabilized since 2007 and in February 2010 stood at roughly 5.1 Kuna: 1 US Dollar.

- Ministry of Tourism (MT);
- Environmental Protection and Energy Efficiency Fund (EPEEF);
- Croatian Bank for Reconstruction and Development (HBOR);
- HAMAG;
- UNDP Croatia Country Office;

Project area level (counties, municipalities, national level dislocated departments, others)

- County administrations for Zadar, Šibenik-Knin, Split-Dalmatia, and Dubrovnik-Neretva counties;
- County Development Agencies (CDAs) for counties of Zadar, Šibenik-Knin, Split-Dalmatia, and Dubrovnik-Neretva;
- Public Institutes for the Management of Nature Protected Areas (PIMPA) for counties of Zadar, Šibenik-Knin, Split-Dalmatia, and Dubrovnik-Neretva;
- Some tourist boards in the four Dalmatian counties;

Businesses (banks, private companies, group or individual entrepreneurs, owners associations, co-operatives, individual entrepreneurs, owners of sites/estates of particular project interest)

- Splitska Bank and Jadranska Bank;
- The many recipients of GBSP funding;
- Various fisheries, shellfish farming and agricultural farming cooperatives and associations;

Civil society (NGOs, non/profit associations)

- NGOs Sunce (Split); Zdravi grad (Split); Falconry Center (near Sibenik); Punta Arta (Zlarin, as a GBSP beneficiary);

Scientific community (universities, institutes, individual scientists, particularly through the Project's CTEs)

- Various departments connected with the University of Zagreb;
- Croatian Agricultural Extension Institute;
- OIKON – Institute for Applied Ecology;
- Institute for Fisheries and Oceanography (Split);
- Faculty of Agronomy (as GBSP beneficiary);

International level

- UNDP-GEF Bratislava, and UNDP-GEF Global;
- UNEP Priority Actions Programme Regional Activity Centre (PAP/RAC, the COAST PIU shares some office space with this UNEP Programme).

3 PROJECT FORMULATION

3.1 OVERALL PROJECT STRATEGY AND DESIGN

27. The Project Strategy is to remove existing barriers to transforming the agriculture, fisheries/mariculture and tourism sectors to more biodiversity friendly development, in part by influencing the financial sector, market demand and private sector behaviour. The Project aims to remove these barriers through a series of interventions aimed at improving the investment climate and strengthening the capacity of regulatory and management authorities to deliver biodiversity friendly development. The Project interventions target the four Dalmatian counties (the county level is where change is considered most needed), but in order to achieve that change many activities are taking place at the local level (specific sites) in order to demonstrate barrier removal and change, and at the national level to provide important policy, legislative and planning support.

3.1.1 Changes to project strategy made during inception period

28. The project strategy and logframe were reviewed and revised during the inception period (January – July 2007). The Inception Workshop focused on '*discussing the technical aspects of the project, such as reviewing the*

logical framework, updating/revising the indicators'. These discussions were based on previous preparatory work undertaken by the Project team and sectoral experts. The major changes were summarised in a table in the Project's Inception Report and are given below.

Table 1: Changes to Project Strategy made at Inception Workshop

Changes made at the Inception Workshop	Reason for change
Output 3.3 There is no need to develop eco certification scheme	Relevant ministry developed the scheme
Output 1.1 and 1.3 There is no need to: - identify shell fish farm zones in Dubrovnik Neretva and Šibenik Knin County - facilitate shell fish farms permits	Relevant activities have already been undertaken
Output 2.5 Recognition and involvement of recently established Regional Development Agencies (RDA) as important project partners	RDAs have been established by counties to take care of all aspects of regional development

29. Overall, therefore, it appears that very few changes were made to the Project's strategy, objectives, outcomes and outputs at the inception stage, and the revised logframe, agreed at the Inception Workshop (section G of Inception Report), has been used by the Project team and the UNDP CO to guide project implementation, monitoring and evaluation ever since.

3.1.2 Review of project strategy

30. The MTE found significant weaknesses in the project design with confusing and poorly worded project Objective and Outcomes (see Annex 5). For instance, the meaning of the word 'effectively' in the Objective is unclear and it is not defined in the text or measured by an indicator and should be removed. More importantly, it is not clear what the project is transforming actions, practices and approaches to, but presumably it is to more biodiversity friendly actions, practices and approaches. In addition, the wording of the Objective suggests a focus on 'private operators' but many of the COAST Project activities are targeted at the public sector, consequently it is suggested that the wording 'private operators' is also removed. The MTET has a particular concern about Outcome 3, which is supposed to deal with compliance activities but also includes strengthening legislation/regulations. It does not deal directly with the main aims of the COAST Project of developing, demonstrating and promoting BDFBs (Outcomes 1 and 2) or helping to create the enabling environment to support 'green business' (Outcome 4) and in many ways it is secondary to the main Project and some of its activities would be better placed under other Outcomes¹⁴. A suggested reformulation of the Project Objective and Outcomes is given in Annex 5.

31. In addition, a significant number of the Project Outputs and their associated activities are confused, overlap or are duplicated, or inappropriate, with some activities under the wrong Output or Outcome. Consequently, the Project Outputs and activities also need to be revised, reordered and in some cases merged or eliminated. Annex 6 presents an analysis of the Project's Outputs with suggested changes.

32. Another issue here is that for the COAST Project lists a 'small project on biodiversity conservation in Dalmatian forests' as an activity under Outcome 1 (under Outputs 1.1-1.4), and there are a set of activities related to strengthening the capacity to control water quality under Output 3.6. The Project has yet to undertake any work on these areas and the MTE recommends that none should be started and that activities related to these two areas are cut and their budgets reassigned (suggested increase to GBSP budget, perhaps for an unrestricted fund for product and market development). The COAST Project is unlikely to have a significant impact with the very limited budget (US\$ 40,000 for forest activities) and manpower available for these activities. In addition, many other projects are already contributing to forest conservation (mostly through the Ministry of Regional

¹⁴ The MTET suggested that Outcome 3 and its compliance-related activities should be cut from the COAST Project (with activities related to Outcomes 1, 2 and 4 reassigned) without significant impact on the key aims of the Project, and it would make the whole project much more coherent and comprehensible. However, following consultation with UNDP-GEF and the UNDP CO it was decided that it would be too disruptive and most of the activities had already begun, and compliance activities were seen as important to the Project delivery.

Development, Forestry and Water Management) and water quality (mostly Croatian Waters) in Croatia so the relative contribution and impact of the COAST Project is likely to be minimal. The COAST Project should only focus on the four core sectors of agriculture, fisheries/mariculture, tourism and nature conservation.

3.1.3 Project indicators

33. Comparison of the revised (Inception Workshop) logframe with that presented in the Project Document shows that changes to the indicators in the logframe were made at the inception stage. Chief among these was the decision to cut the original Biodiversity Indicators 1 and 2¹⁵, and replace them with a standard GEF mainstreaming indicator (*Size of the area that the project has mainstreamed biodiversity conservation and sustainable use into the productive landscape and relevant sectors*), and to reduce the number of habitats assessed under the original Biodiversity Indicator 3 from six down to three (excluding the three *xeric* grasslands sites leaving only three very small saltmarsh sites for the whole of the Project area). The reasons for these changes are not detailed in the Inception Report (they should have been), although this appears to have been largely due to lack of funds – the Project budget had to be revised due to a significant fall in value of the US Dollar compared to the Croatian Kuna in the period between the PDF-B stage and project inception.

34. However, as a result, the revised logframe has only one indicator measuring the direct impact of the COAST Project on biodiversity (now termed Biodiversity Indicator 2). This measures changes in the species composition and abundance in saltmarsh habitats (alliance *Arthrocnemion*) at just three localities in the Project area (at Blace-Neretva, Privilaka (Zadar), and Vlačići (Pag)). Each of these monitoring plots covers only a tiny percentage of the project area (comprising 5-7, 25m x 25m plots at each site) and there are only sites in two counties (none in Split-Dalmatia and Sibenik-Knin). Moreover, this indicator does not appear to be directly linked to specific Project activities that are trying to promote biodiversity friendly business development (BDFB) opportunities in agriculture, fisheries/mariculture or tourism, and any changes in the plant communities at these sites could be due to external forces such as climate change. In addition, none of the globally threatened species listed in the Project Document¹⁶ are being monitored by the Project¹⁷. Overall then, it is difficult to directly assess the Project's overall contribution to the conservation of **globally important biodiversity**¹⁸ (the reason for GEF funding).

35. The MTE considers the Project's biodiversity indicator to be insufficient and additional biodiversity impact indicators (along with some threat reduction indicators) need to be added to the Project as a matter of urgency. In addition, unfortunately, none of the GBSP projects have biodiversity impact indicators. As it stands then the COAST Project cannot show any meaningful impact on biodiversity from project activities with the current set of indicators. Also, many of the remaining logframe indicators are not SMART (Specific, Measurable, Attainable, Realistic and Time-bound)¹⁹ which presented problems to both the PIU and MTE in assessing achievement of other Project objectives²⁰ and all the indicators should be reviewed and revised by the Project team with input by the CTEs. Annex 7 presents the results of the MTE analysis of the Project's logframe indicators with suggestions for alternatives.

¹⁵ Original Biodiversity Indicator 1 - the total number of flora taxa (α -diversity) found at the following 8 representative monitoring spots across the project area (Island Pag, Velo blato; Island Žirje, Kapić & Veli vrh; Blaca, far east on island Mljet; Hum, island Vis; Veli Drvenik island, near Split; Biokovo, Podglogovnik; Island Prvić; Island Ugljan). Original Biodiversity Indicator 2 - the percentage (by mass) of fish from the class Chondrichties (*Raja clavata*, *Prionace glauca*) in the total commercial catch. The rationale for the latter indicator was that this class of fish is economically important and subject to excessive catches, and a decreasing percentage of this class is indicative of poor fishing practices and so the overall decline of the marine ecosystem.

¹⁶ Loggerehead turtle *Caretta caretta*, Balkan snow vole *Dinaromys bogdanovi*, Dinaric cave salamander *Proteus anguinus*, Balkan long-eared bat *Plecotus kolombatovici*, Long-fingered bat *Myotis capaccinii*

¹⁷ The UNDP CO/PIU notes that 'the SINP monitors some of those species'. However, the COAST Project is not, and not within the project area or in relation to project activities.

¹⁸ Globally important biodiversity is defined here as species and habitats identified under the various international analyses, such as the IUCN Red Data Book, EU Birds Directive, EU Habitats Directive (see section 2.1), Convention on Migratory Species, Bern Convention, etc. and includes threatened and endemic species (national and regional endemics). Globally Important Biodiversity also includes native breeds and varieties, as the agro-biodiversity is recognised as an important component of biodiversity under the Convention on Biological Diversity (CBD).

¹⁹ For more on development of appropriate indicators for Biodiversity projects see UNDP-GEF (undated) Biodiversity Advisory Note – Indicators, and GEF (1998) Guidelines for Monitoring and Evaluation for Biodiversity Projects and <http://gefweb.org/MonitoringandEvaluation/MEPolicies/MEPTools.html>.

²⁰ Senior PIU staff stated that they understood from the UNDP-GEF Regional Technical Advisor that following the Inception Workshop the revised logframe was essentially 'fixed' and that they could not make major changes to the project afterwards even though they recognised that some of the indicators were not useful or adequate.

36. Overall, therefore, the MTE feels that the Project strategy needs to be reviewed and changed by the PIU and UNDP CO, with a more clearly worded Objective, reworded Outcomes and a new Outcome 5 (to include all project management, monitoring and evaluation, project dissemination and lesson learning), reduced number of Outputs with a rearranged set of associated activities and a strengthened set of indicators. To aid the discussion, a revised Project logframe, incorporating the suggested changes to the Objective, Outcome, Outputs and indicators is presented in Annex 8.

37. It is always easy with the benefit of hindsight to suggest what should have taken place, nevertheless it is clear that a more thorough and independent review of the Project's strategy, logframe and indicators should have taken place during the inception phase, led by the UNDP-GEF Bratislava office²¹.

3.1.4 Project activities connected with protected areas management

38. Strategic Priority BD2 (mainstreaming) was still new in 2002-2003, and many BD2 projects developed at the time still contained elements of Strategic Priority BD1 (protected areas), and the COAST project is no exception. For instance, under the Project Rationale section of the Project Document, paragraph 75 states that:

- *'The Protected Areas in the project area will be enabled to exploit the revenue opportunities offered by tourism, agriculture and fisheries, whilst ensuring biodiversity is conserved. Measures to increase the coverage of Marine Protected Areas, vital for fisheries stocks and biodiversity, will be underway'; and*
- *under Outcome 2 'Capacity will be developed to obtain more revenue from tourism in Protected Areas. Capacity will also be developed to improve the overall tourism product offered, by integrating Protected Areas into the tourism packages in a biodiversity-friendly way'; and*
- *under Outcome 3 'For Protected Areas, the project will support the responsible authorities to enforce protection and reduce conflicts with tourism and other economic sectors'; and*
- *Output 3.7 'Strengthened capacity to enforce biodiversity regulations in and around Protected Areas' (hence specifically targets areas both within and outside protected areas).*

39. The Project has undertaken or funded activities related to establishing or building capacity for marine protected areas (reported in the PIRs), and is considering funding of training on the preparation of management plans for protected areas (partly at the request of the SINP and PIMPAs). Whilst the MTE recognises that protected areas are a priority for the Government of Croatia and the national protected area system is under-funded and in need of additional resources and support, and that demands will only increase with EU membership due to the need to meet NATURA2000 and other EU requirements, activities within the boundaries of formerly protected areas (defined under the Nature Protection Act, e.g. National Parks, Nature Parks) are not appropriate to a GEF BD2 mainstreaming project (they are the focus for BD1). The focus of the COAST Project should be on activities outside of protected areas (as defined under the national Nature Protection Act)²². It is therefore recommended that no further project funds are spent on activities that directly contribute to supporting legally established protected areas in Dalmatia, e.g. training on management plans for protected areas, and that Output 3.7 be reworded to 'Strengthened capacity to enforce biodiversity regulations outside of protected areas'.

40. As a result of the poorly worded or overlapping and duplicated Objective, Outcomes, Outputs and activities²³ some interviewees including at national-level institutions found the Project Document very confusing ("I had to

²¹ It is worth noting here that another major UNDP-GEF mainstreaming project that took place in Bulgaria (Conservation of Globally Significant Biodiversity in the Landscape of Bulgaria's Rhodope Mountains Project - ATLAS ID 33627 PIMMS-1966) had an independent evaluation at the inception stage, which recommended major changes to project strategy, logframe and indicators, particularly at the outcome level, which helped improve project delivery considerably.

²² There was some debate during the MTE whether the COAST Project, as a GEF BD2 project, could include activities within the National Ecological Network (NEN), which covers approximately 40% of the area of Dalmatia. The NEN includes the ecologically important areas and ecological corridors of most importance for biodiversity conservation in Croatia (Regulation on proclamation of the ecological network, O.G. 109/07), but these areas and corridors are not necessarily within protected areas as defined by the Nature Protection Act (O.G. 70/05) such as national parks or nature parks, and include many other areas, such as agricultural areas considered important for wildlife. Therefore in the MTE's opinion COAST Project activities are allowed within the NEN, as long as they are outside of formally protected areas. As pointed out by the UNDP CO/PIU, the GEF approved activities within the COAST demo areas which are within the NEN.

²³ It should be noted that during the MTE mission the PIU stated that 'Because of the inter-linkages between sectors, levels of governance, elements of planning and management system, etc, very often the same activity contributes to several outputs and outcomes. E.g., "demonstration of BD friendly

read it several times to understand what the project was about” and “I still don’t really understand it”), and the benefits of 'green business' seem to be particularly poorly understood.

41. Overall, the COAST Project design is considered too complex, with too many confusing Outputs and activities and a poor set of indicators. It is clear that the original logframe was not fully (and independently) revised at the inception stage (considered a significant error by the MTE) and some changes that were made were not fully reported. Consequently, **project conceptualisation/design** is rated as *Marginally Unsatisfactory*. Given the above weaknesses, it is recommended that the project strategy (Objective, Outcomes and Outputs) and set of associated activities and indicators be reviewed and revised by the PIU, UNDP CO and UNDP Bratislava office with input from the CTEs. A suggested readjusted logframe that can be used as the basis for discussion for the Project Management Response to this MTE Report is given in Annex 8.

<i>Recommendations/tasks</i>	<i>Responsibility</i>	<i>Time frame</i>	<i>Deliverables/evidence</i>
1. Agree and confirm principle that the wording of the Project Objective and Outcomes can be revised, unnecessary Outputs and activities can be cut and/or moved to more relevant Outcomes, and indicators can be revised, with activities related to forest conservation and water quality cut and their budgets reassigned.	UNDP-GEF Bratislava	By end of April 2010	Letter/email of approval to UNDP CO and NPM to proceed with the review of the logframe and cutting of forest and water quality activities
2. Review and reorder logframe with smaller set of activities and Outputs under reworded Outcomes and Objective, with an additional Outcome 5 to capture all project management, monitoring and evaluation, lesson learning and project results dissemination (made Atlas friendly), and improved set of (SMART) indicators, with additional biodiversity indicators and forest and water quality activities cut from Project, and budgets reassigned.	UNDP CO and PIU, with support of Project CTEs	Beginning of June 2010*	Reordered logframe with reworded Objective and Outcomes and smaller set of activities and Outputs, revised and improved set of indicators with relevant reconstructed baselines, and rearranged budget
3. Approve and endorse the revised logframe and indicators and cut forest and water quality activities from Project	PSC and UNDP-GEF Bratislava	By end of June 2010	Minuted approval and written endorsement of revised logframe, indicator and budget
4. Include new targets and changed activities (rearranged under new listing of Outcomes and Outputs) in Annual Work Plan	PIU and UNDP CIO	By end of July 2010	12-month Work Plan and subplans including changed budget and allocations agreed and signed by UNDP CO

* It is recommended that this form a key activity during a COAST Project retreat to discuss management response to the MTE Report

3.2 DESIGN AND OPERATION OF GBSP

42. The GBSP is designed to support the development of small- and medium-sized biodiversity friendly businesses (BDFBs) in the sectors of agriculture, fisheries/mariculture, and tourism in Dalmatia, in part through encouraging the banking sector to invest in BDFBs, with the overall aim to mainstream ‘green business’ into these sectors in the region and into banking sector operations. It is primarily aimed at local entrepreneurs and businessmen/businesswomen, various community groups such as farming associations, and NGOs, and is the component of the COAST Project that mostly directly addresses the Project Objective. It can be considered the Project’s most critical component on which the real success of the Project depends. It is also the most innovative part of the Project, and, according to UNDP-GEF's Lead Natural Resource Economist (LNRE), is one of only two such projects within the UNDP-GEF Biodiversity global portfolio of projects.

development from outcome 1” includes activity dealing with planning, as BD friendly development requires systemic approach that includes all phases from planning, via establishment of the enabling environment to the implementation of the tangible conservation and sustainable use practices in reality.'

43. The GBSP focuses on two main areas: ongoing **capacity building** of the main institutions relevant for the promotion and development of the green businesses (mostly the County Development Agencies (CDAs)²⁴ but also potentially public institutions, the private sector, including banks, and the civil sector such as NGOs), and **Green Businesses Support** involving technical assistance aimed at identifying and supporting applications for funding²⁵ and project implementation, financial support for implementation of individual green business projects, through provision of small grants or loans with partial guarantee arrangements (subsidized financing) from commercial banks (currently Splitska Bank and Jadranska Bank). A detailed description of the design and operation of the GBSP, including activities, target groups, eligibility criteria and implementation and monitoring arrangements can be found in the GBSP Implementation Manual, which is available from the Project website²⁶. The process for the evaluation of GBSP proposals is presented in Annex 9.

44. The design of the GBSP is generally good and practical and it has a number of key strengths. For instance, the GBSP is the only program in Croatia that supports the development and protection of biodiversity by providing financial support to entrepreneurs and other interested individuals/groups to develop BDFBs, which makes it attractive to potential applicants. Importantly, it is open to a wide range of potential applicants, including business entities, public institutions and civil society and also offers possible funding for a wide variety of types of project in a range of key productive sectors, namely agriculture, fisheries/mariculture and tourism (this has the added value of potentially helping to increase awareness of biodiversity and 'green business' issues across a broad swath of society) and offers opportunities to support the civil sector in Dalmatia, which has a small, poorly developed network of environmental NGOs.

45. The design of the GBSP has evolved during the last three years, with the PIU team (including the secondees) and UNDP reviewing and revising the GBSP in light of feedback from various experts, including the UNDP-GEF LNRE, GBSP partner organisations such as the CDAs, and potential beneficiaries, through COAST project monitoring missions by UNDP-GEF and feedback from participants at GBSP presentations in Dalmatia, which shows evidence of good adaptive management response. However, there are a number of weaknesses in the design and operation of the GBSP, which are discussed below.

3.2.1 GBSP 'expected results', targets and indicators

46. The overall GBSP still lacks clearly stated outcomes, indicators or targets. The 'Objectives and expected results' of the GBSP are set out in the GBSP Implementation Manual section 2. The general objective of the GBSP is stated as '*to contribute to establishment and further development of green businesses in the main developing sectors of the coastal area of Dalmatia*'. However, many of the 'expected results' given in Table 1 (page 5) of the Manual are either confused and unclear, e.g. '*Demonstrated models and practices for inventorization and interpretation of biodiversity with purpose of its economic valorization through green businesses (particularly in the sector of tourism)*', or not specific to the Dalmatia project area, e.g. '*Strengthened capacities as well as synergy in activities of the national, regional and local institutions in charge of technical and financial support to green business development*', or not directly relevant to green business support e.g. '*Strengthened support of the local stakeholder for better protection of their natural heritage through establishment and implementation of the appropriate protection regimes, as well as their interest for active participation in planning and implementation of these regimes*' (this latter 'result' appears to apply to protected areas and could be considered support for BD1 rather than BD2). Furthermore, none of the 'expected results' have indicators or targets, and, as far as the MTE could gauge, are not being measured directly by the COAST Project during the implementation of the GBSP. Consequently, it will be difficult to say whether the GBSP has delivered its 'expected results'. Moreover, many 'expected results' will not actually be delivered by the GBSP but are more relevant to the broader COAST Project.

²⁴ CDAs are founded by the counties which have at least 51% of the ownership. They were established to act as the main drivers and support for local (regional/county) development. The CDAs are responsible for supporting SMEs and business development, and have guarantee mechanisms at their disposal. In some places in the Project documents, CDAs are referred to as Regional Development Agencies (RDAs).

²⁵ Technical assistance can be provided for preparation of project proposals for: programmes or loans from the sectoral ministries, including Ministry of Tourism, MAFRD, Ministry of Economy, Labor and Entrepreneurship, the EPEEF, HBOR credit programmes, HAMAG guarantees, programmes and guarantees of municipal and county government, and applications to IPA funds.

²⁶ See <http://www.undp.hr/show.jsp?page=83038&preview=true&versionid=115517&refresh=1266916028535>

47. Overall then, the table of the 'Main expected results of the GBSP' is confused and needs to be rewritten with clearly stated 'expected results' (outcomes and outputs) with associated SMART indicators, baselines, and targets and milestones to be achieved by the end of the GEF funding. The lack of specific targets and milestones may be one reason why the GBSP has taken so long to become properly operational²⁷ (the MTE defines this as the point at which approved projects under the first Call for Proposals (termed 'Invitation for Expression of Interest', IEI) received their funding).

48. Judging from comments in various Project reports, the COAST Project's first Objective indicator in the logframe (*the volume of investments into biodiversity-friendly activities, assisted by the project, across the entire project area (four counties, in US\$)*) and the first indicator for Outcome 2 (*Number of loans and incentives/subsidies programs integrating BD criteria developed by the project into approval process*) appear to have been adopted as proxy indicators for the success of the GBSP. However, they are not exclusive to the GBSP (as currently worded) but apply to the whole COAST activities, and, as mentioned above they need to be made more 'SMART' (see Annex 7). The MTE recommends that a separate set of GBSP-specific impact, process and performance (quality, efficiency, effectiveness of activities) indicators be developed, with clearly stated targets²⁸, such as number of small grants, technical assistance activities or loans to be delivered by the end of the Project in order to better measure success²⁹, and that these are included in the next revision of the GBSP Manual.

3.2.2 Criteria for selection of GBSP projects and selection process

49. The GBSP's **Green Business Support** programme currently has two elements:

1. **Pre-Investment Green Business Facility (PIGBF)**, which offers technical assistance and small grants (up to US\$ 30,000) for startups and is intended to target innovative (MTE highlighting) project ideas that are pioneers on the Croatian market (e.g. shellfish farming of *Venus verrucosa*); and a
2. **Green Business Facility (GBF)**³⁰, which offers technical assistance and partial guarantee funds to mature and financially viable green projects.

50. According to the GBSP Implementation Manual, all the projects supported through the PIGBF should make a clear contribution to the development of the green business sector/market, and projects applying for the GBF have to prove their "greenness" and ability to obtain a loan from a commercial bank. All are assessed against a set of criteria (Table 2 of the Implementation Manual version 4.0) according to their potential 'biodiversity' value (maximum of 30 points) and 'business' value (30 points), degree of originality (20 points), regional and local importance for development (10 points), and entrepreneurial potential (10 points)³¹. A GBSP Technical Unit, consisting of 10 sectoral experts (including members of the Project Core Team of Experts) covering different fields of expertise, evaluate each application using these criteria with guidance from the Deputy project Manager (DPM) at the PIU in Split and taking into consideration recommendations from the various sectoral studies and action plans prepared for different economic sectors by the COAST Project (results from Outcome 1).

51. The GBSP selection criteria are essentially descriptive and lack details or indicators for their achievement. The criteria to assess business feasibility (*'expected business successfulness / business feasibility of the project idea'*), and entrepreneurial value (*'entrepreneurial potential of the proponent and his own participation in the implementation'*) are particularly vague and difficult to interpret, even to an expert in the field and there are no concrete indicators that would guide a reviewer in objectively choosing an application for GBSP support. For

²⁷ The UNDP CO/PIU also notes that delays were due to the need to ensure 'that you did not eliminate candidates that have potential to become good green businesses', although the MTET still maintains that the whole application and selection process has taken much too long.

²⁸ The document 'Logframe indicators state at MTE' provided to the MTE by the NPM states that the '*current GBSP target for number of loans / guarantees issued based on the current volume of the Partial guarantee Fund, is up to 40*', and this appears to be the only written record of specific GBSP targets.

²⁹ The MTE was told that the Splitska Bank measures success of its SME investment programme if more than 10% of the SMEs survive (failure is defined as a business which goes bankrupt).

³⁰ The Green Business Facility's name has gone through a number of changes since the PDF-B stage but its function and operation remains essentially the same. In the Project Document it is termed the 'COAST Biodiversity Rapid Response Facility' (CBRRF). Later documents make reference to the 'Biodiversity Business Facility', but the name has since been changed to the GBF and divided into pre-investment and full investment parts.

³¹ The points/scoring system seems to be rather arbitrary. In the MTET's opinion, the division of points between biodiversity and business/development criteria should be set at 50:50 and not 30:70 as it is at present, as the COAST Project is aiming to promote biodiversity through business so the biodiversity element is the most important (and the most sensitive). Many of the CTEs interviewed also agreed that the weighting given to the business criteria is set too high and should be changed. Strangely, it was originally set at 50:50 but it is unclear (and undocumented) why it was changed.

instance, an economist would not be able to grade a proposal if they did not know which economic and financial features/values to judge them by³². This is particularly worrying as the '*expected business successfulness / business feasibility of the project idea*' contributes heavily to the overall score (30 points out of 100) and it is up to individual reviewers to decide what they believe will be a 'successful' and 'feasible' business based on their own experience, which means that assessment and grading of proposals for the first Call of Proposals is likely to have been heavily dependent on the views of individual reviewers rather than any objective framework.

52. The biological criteria listed in Table 2 are slightly more developed (they are based on initial work undertaken during the PDF-B) but again would benefit from more detail and clearer language, and need to incorporate the impact of the proposed project on globally important biodiversity (for instance, consideration of the impact of IUCN Red List species, habitats identified under the EU Habitats Directive etc, see section 3.1.3). More detailed suggestions for what should be funded are given under section '3.2 Priority themes' of the manual (page 10), but it would help if the priority habitats, species, domesticated taxa, as well as specific sites within Dalmatia, were identified.

53. Generally, then, both the GBSP selection criteria and the 'priority themes' sections need to be further developed and expanded with greater detail and guidance on what constitutes a priority for funding, which would help proposal reviewers be more objective in their assessments and lead to clearer, more defined, benefits for biodiversity. This is considered an important issue as the GBSP will be handed over to the CDAs and participating banks at the end of the COAST Project but they do not currently have the necessary technical capacity to evaluate proposals. The MTE has a particular concern about who will assess the biological criteria of future proposals once the GBSP is transferred³³ (the PIMPAs do not have capacity to provide this support as suggested by the some CDAs during MTE interviews, except for the PIMPA in Split which has 12 technical staff in the field of nature conservation). What is needed is a straightforward assessment system, based on clear and detailed criteria that can be implemented by the GBSP host institutions given their limited capacity (following training). Detailing how the current reviewers judge the value of a GBSP proposal, e.g. what data sources are used, how analyses are undertaken, what resources they use, time required, etc, would help this process and is recommended. It is recommended that the CTEs review the biodiversity and economic/financial/business/entrepreneurial criteria of the GBSP and develop a more complete and objective set of criteria and how they should be applied. The Project produce a short guide to the key species, habitats, areas, etc, of importance for the GBSP, based on analysis from the PDF-B, NBSAP, Red List, NEN analysis and other studies, that can be used by the CDAs, secondees, banks, PIMPAs, Agricultural Extension Service and SINP to easily assess the biodiversity and economic/financial/business/entrepreneurial value of future GBSP project proposals after the COAST Project is completed.

54. Worryingly, some of the CTEs interviewed by the MTE stated that they understood that they were to assess all the criteria for each project application they were sent under the first Call of Proposals (and did so), even for those areas in which they were not experts³⁴. This is considered a mistake, as an economist cannot be expected to properly judge the biodiversity criteria of a proposal as he/she will almost certainly lack the relevant knowledge and experience of conservation priorities, sustainable resource management, etc, and, similarly, biologists will not have the necessary knowledge and experience of SME and economics. It is highly recommended that for the second Call of Proposals the external experts are only asked to grade proposals for those criteria that are relevant to their own field and that they clearly understand this.

3.2.3 Target areas for GBSP funding

55. The Implementation Manual (version 4.0) sets out the main types of projects that are to be supported through the GBSP. These are:

³²Economic indicators could include 'an increase in revenue in next 2 years', 'increased number of employees', 'increased number of premium products on a yearly basis', 'increased return on capital', 'increased return on investment', etc.

³³ The PIU comments that 'We believe that by the end of the project the typology and key features of common green businesses will be defined and that 80-90% of all proposals can be reviewed using such a guide. For the rest advice from PIMPA, Agricultural Extension Service or SINP.'

³⁴ The PIU points out that "Even if this has been done their comments were not considered as a substitute for real expert opinion". However, the MTE feels that the 'experts' should not have been asked to assess criteria for which they had no experience in the first place and their scores should not have been included in the analysis of proposals under the First Call for proposals, and the MTE recommends that this practice is not repeated for the second or third Call for Proposals.

- a) Pilot projects testing economic and financial viability of a promising but untested green business idea (e.g. farming of some new species/variety; production of a “green product” that has no proven market);
- b) Projects building public infrastructure required for development of private sector green business initiatives (e.g. thematic roads, visitors centers);
- c) Green business in the narrower sense of an economically viable, privately owned and operated enterprise that generates profit based on sustainable use and conservation of the biological and landscape diversity, e.g. assisting existing mainstream businesses to become greener or existing green businesses to grow.

56. The Manual also gives a list of priority themes that will be supported by sector. The key sectors are agriculture, fisheries/mariculture, tourism and biodiversity conservation. In the MTE’s opinion, this last sector should be removed altogether from the GBSP, as it is already covered under other COAST Project activities and activities associated with it do not focus on green business. The MTE recommends that the GBSP should only support business ventures that are either concerned with the conversion of non-sustainable to sustainable or low-impact traditional resource use (e.g. inorganic to organic agriculture), or business ideas which lead directly to more sustainable use of biological resources (e.g. start-up funding for new mariculture business that will exploit a biological resource in a sustainable way). All pure biodiversity conservation projects that are not tied directly to a business, e.g. inventory work, ‘explaining the value of natural heritage’ and other awareness-raising activities, should be dealt with under other COAST Project activities³⁵, and those GBSP projects (and their budgets) already funded within these categories should be moved into the main COAST Programme, e.g. the GBSP Project to survey dolphins off the island of Vis (Project number 2004210). The MTET believes that the GBF would be more coherent and effective if it focused on supporting the direct development of green businesses. It is also recommended that the COAST Project should limit funding for infrastructure projects (point b above) as these are generally very expensive and will quickly use up the GBSP budget allocation, and maintenance costs are usually high and if not met will mean that the project benefits will only be short-term. Applications for construction of buildings should **ONLY** be funded under the Partial Guarantee and Loan scheme – NOT through a grant – and have a clear strategy for covering long-term maintenance costs (without a viable plan the application should be rejected), and applications for funds for construction of roads should not be funded at all (construction and maintenance of roads are already the responsibility of the state, county and municipal authorities).

57. MTE interviews revealed that there is also a need for funding general ideas for improving opportunities for private sector green business in Dalmatia that would benefit groups of GBSP-funded projects. For instance, one secondee commented that an ‘eco-gastro-trail’ through his county linking various GBSP projects could significantly promote both the agricultural and tourism sectors and help link existing GBSP projects. However, no external group had come forward with a proposal to the GBSP (and the secondee considered it unlikely that anyone would as applicants for GBSP funds are most concerned with funding for their own businesses) and the secondee did not have specific funds to develop the idea himself. Consequently, the MTE recommends that a small, unrestricted fund is established within the general GBSP budget, managed and implemented by the four CDA secondees and Project Associate (Economics) at the PIU in Split, to develop ideas that would benefit multiple GBSP projects and help promote green business generally in Dalmatia³⁶.

³⁵ For instance, ‘Education and awareness-raising campaigns on the importance of nature protection and sustainable use of natural resources’ and ‘Participative development and implementation of local strategic documents related to biodiversity conservation’ are more relevant to improving the enabling environment and should be treated as activities under Outcome 4, and ‘Contribution to implementation of regulations’ is clearly relevant to Outcome 3. In addition, some suggested GBSP themes are not relevant to GEF Strategic Priority BD2 e.g. ‘elaboration of proposals for new protected areas, conservation and management activities in existing protected areas’ (again this is BD1, not BD2).

³⁶ Another idea that should be a priority for funding under such a fund is birdwatching tourism. Dalmatia has considerable potential for birdwatching tourism (there is a bird migration route along the Adriatic coast, known as the Adriatic Flyway, which is important in autumn for many species of birds breeding in central Europe). However, there are very few tour operators in Croatia who offer birdwatching programmes (and those that do, do not have bird specialists among their staff) and almost none of the specialist Western European nature tourism companies run tours to Croatia, so it is currently an open market. In addition, many people who visit Croatia for the typical ‘sun, sea and sand’ holidays would probably be interested in spending a day or two of their holiday visiting a bird reserve (especially if they are from western Europe where there is a much greater appreciation of birds and wildlife - for instance, the UK Royal Society for the Protection of Birds has over one million members). In addition, the peak periods for bird watching in Dalmatia would be spring and autumn – in other words, either side of the main tourist season – so bird watching could offer a way to extend the tourism season, something that the tourism authorities are looking to do. However, a major barrier to developing bird tourism (and nature tourism generally) in Dalmatia is that there is virtually no publicly available information on where to go to watch birds and what species occur. What is needed is a study of the bird tourism opportunities along the coast and a publication of a simple guide which could be sold locally in English and Croatia (a sort of ‘where to watch birds’ guide with information on what species occur, where, in what numbers and during which periods of the year, with simple maps of the key sites and information on directions for access and local accommodation).

3.2.4 *Demonstrating an impact on biodiversity and economic and financial viability – GBSP project indicators*

58. Individual GBSP proposals have basic ‘logframes’ as part of their ‘Approved Project Proposal’ document with an ‘indicator’ column. However, of the four full GBSP project logframes translated into English and sent to the MTET only one had an indicator for the project’s objective (and that was not SMART -‘Implementing planned activities and a testing the commercial farming hypothesis’) and three of the four lacked indicators for most results, or gave indicators for activities which is not necessary. Disappointingly, none of the GBSP project proposals examined by the MTE had a biodiversity impact indicator attached and none of the 16 GBSP project leaders interviewed by the MTE reported one either (the MTE understands this is the case for all the other GBSP projects). This means that none of the GBSP-funded projects will be able to demonstrate the impact of the project (positive or negative) on biodiversity (either on the populations of COAST target species, or the reduction of threats to these target species³⁷), so none will be able to demonstrate directly that their ‘green business’ model has benefited biodiversity (or has led to a reduction in the threats to biodiversity locally).

59. It should be noted here that the central assumption of the GBSP is that adoption of what the Project is promoting as 'biodiversity friendly' or 'traditional Dalmatian' practices by the agricultural, fisheries/mariculture and tourism sectors will benefit biodiversity. However, this is unproved in Dalmatia, and in the International Consultant's experience, the level of a development is as important as the type of development. For instance, although 'eco tourism' ventures are one of the priority themes for funding under the GBSP, according to every environmental manager interviewed by the MTE, there is virtually no research/data on the carrying capacity³⁸ of Dalmatian natural habitats that would inform environmental managers and government administrations on how many 'eco-tourists' and other visitors target sites could support. There are many instances around the world where 'eco-tourism' has led to environmental degradation because the threshold (in terms of human disturbance and use) beyond which sensitive habitats or species populations decline or are lost is often very low. Also, traditional practices may be just as damaging as more modern ones. The MTET also heard the argument that promotion of sustainable harvesting of the threatened shellfish species targeted by the Project (mostly through the GBSP) will reduce the illegal harvesting of the species in the wild. Experience from the trade in wildlife in other parts of the world shows that this does not necessarily follow, because creating a market (developing commercial sustainable production) can lead to increased illegal trade due to greater public awareness of the potential economic value of the species (and therefore more people willing to risk illegal harvesting, particularly in poor areas where legitimate employment options are limited) and because it is often easy to hide (launder) illegally caught specimens if the legal market is large and not properly monitored and policed. Ultimately, GEF wants to know whether the GBSP model will promote biodiversity conservation, but this needs to be based on evidence (evidence-based conservation). It is therefore particularly important that the GBSP is able to measure the impact of individual GBSP projects on biodiversity in their area of influence, and the MTE recommends that all GBSP projects have at least one biodiversity indicator retrofitted (this will require expert (CTE) input and reconstruction of baselines).

60. In addition, none of the GBSP project logframes reviewed by the MTE had any financial or economic indicators which would be expected for a standard business venture, and although information on the potential business outcome of the project was present, other data on anticipated revenues, costs, expenses, profit, etc, which is needed for any basic economic and financial analysis of a project to judge its likely viability, was missing. However, it is interesting to note that when GBSP interviewees were asked about their own ‘measure of success’ for their projects, many phrased their reply in economic or financial terms, such as ‘to make a profit’ or ‘to make a sustainable living’, so recipients seem to have their own individual measures of financial success, even if the

³⁷ These could include indicators to measure the reduction in activities or procedures that are known to cause harm to biodiversity without directly measuring the impact on biodiversity itself, such as a reduction in the use (kg/ha) of harmful pesticides. Alternatively, comparison could be made between similar (matched) areas with and without the Project’s intervention such as bird populations on neighbouring vineyards treated with pesticides (control farm) versus those adopting organic production methods (GBSP farm). The PIU commented that ‘Something like this was tried at the beginning but turned out to be unrealistic due to lack of number of representative sites which would enable real comparison.’ However, the MTET maintains that indicators NEED to be developed or it will be impossible to assess whether the GBSP model really can benefit biodiversity and should be adopted more widely within the GEF portfolio.

³⁸ At present, according to the CTEs and staff of the SINP and PIMPAs, such information does not exist for any habitats, ecosystems or sites in Croatia, although ‘physical carrying capacity’ - the number of people that can be physically accommodated in an area before visitor management problems result (e.g. at a national park) - is available for some sites.

GBSP did not. The MTET recommends that all existing GBSP projects are retrofitted with at least one performance indicator³⁹ to measure business and financial success, with reconstructed baseline⁴⁰.

61. Both biodiversity and business/financial indicators need to be designed through a participatory group exercise involving the Project's CTEs, participating bank (it starts to involve them in the GBSP design and assessment process), CDAs, secondees, PIU and GBSP recipients.

62. Another issue related to indicators is the timescale of the GBSP. Many of the 28 projects funded under the first Call for Proposals are agricultural projects which will not produce a crop before the end of the COAST Project in February 2014 (vines, olives and figs require 4-5 years before they produce their first commercial harvest, assuming no weather-related loss of crops). Consequently, the financial viability and sustainability of many GBSP projects funded under the first Call of Proposals cannot be assessed before the official close of the COAST Project in 2014 – even projects under the first Call for Proposals won't produce a commercial crop until 2015 at the earliest given that all have begun implementation within the last 6 months, and it will be even later before the financial viability of projects funded under the second and third Calls can be assessed⁴¹. From GEF's point of view, there is also a need to demonstrate that the GBSP model leads to benefits for globally important biodiversity, and monitoring schemes will need to be established and then operated for a similar length of time (5 years) to be able to show results. It is therefore recommended that the GBSP has a post-Project evaluation in 2016, 5 years after the last agricultural project funded under the third Call for Proposals begins, and a separate Mid Term Evaluation in late 2012, which will be the around the mid-point for many agricultural projects⁴².

3.2.5 GBSP Manual

63. The GBSP Implementation Manual is available to potential applicants and sent to the technical experts who are asked to evaluate proposals. There have been 7 versions of the manual up to the MTE ('Biodiversity Friendly Business Support Facility' (BDFBSF) manual versions 1.0-1.4, and 'GBSP Implementation Manual' versions 2.0, 3.0 and 4.0). Unfortunately, no dates are given on the BDFBSF manuals and only the year is stated on the BGSP Implementation Manuals, which makes it difficult to track their development and use. It is not clear, for instance, how much influence the UNDP-GEF LNRE had on development of these manuals, or how much input there has been from external technical experts, or whether an early version was piloted or changes made based on user feedback. The MTE understands that version 1.0 was provided by the UNDP-GEF LNRE, version 2.0 was made available to potential applicants during the first Call for Proposals, but the assessment of proposals received was carried out in line with versions 3.0 and 4.0, which created confusion among some project stakeholders and GBSP recipients interviewed by the MTE.

64. The MTE recommends that in the interests of transparency and lesson learning, the PIU produce a written description of the development of the manuals, and that this is included in the next PIR as background and a brief summary given in the next version of the Manual. It is also suggested that the next version of the Manual is made shorter and more concise, with a main text of 10-12 pages and the more detailed information (if required) given in annexes.

65. Overall, the design and operation of the GBSP is evaluated as *Marginally Satisfactory*.

<i>Recommendations/tasks</i>	<i>Responsibility</i>	<i>Time frame</i>	<i>Deliverables/evidence</i>
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³⁹ Examples could include 'the project will make a profit in the third year of its duration', or 'revenues will increase 10% per year in next 5 years' although these will need to take into consideration differences in the economic situation between sectors and probably even between counties (tourism projects in Dubrovnik-Neretva County could probably be developed quicker than those in Zadar County, for instance).

⁴⁰ The PIU commented that 'Since we already have cumulative performance indicators (revenue) for applicable projects, we'll have to collect individual revenue figures anyway, so we can use them as individual project indicators'. The MTE points out that the 'revenue' associated with GBSP projects is not real revenue but the co-financing provided for the projects. 'Revenue' in the sense of income will not be available for most GBSP projects for several years, especially those in the agricultural sector.

⁴¹ It should be noted that interviewees from the Ministry of Agriculture stated that the Ministry recommends a 10-year life span for projects it funds before success and viability can be assessed.

⁴² Given that most of the GBSP projects are relatively small and simple, the MTET believes it should be possible to assess the likely viability of these projects after 2-3 years of operation based on analysis of their financial management, inspection of their field operations by a relevant expert and an analysis of potential markets and distribution chains.

1. Review and revise criteria for selection of GBSP projects with greater detail on what constitutes a priority for funding (priority habitats, species, domesticated taxa, areas, etc, identified in a short guide) and focus on supporting <u>direct</u> development of green businesses	PIU, UNDP CO, and discussion with expert reviewers (CTEs)	By end of June 2010	Revised GBSP project selection criteria, and GBSP Manual, and short guide to criteria sent to all applicants, secondees, CDAs and banks
2. Ensure experts only grade proposals for those criteria that are relevant to their own field	PIU, expert reviewers	Before assessment of the second call of Proposal applications	Written instructions to reviewers and confirmation of understanding through an email from the reviewers
3. Develop and assign <u>at least one</u> SMART biodiversity and business/financial indicator for each GBSP project and reconstruct baseline for those which currently do not have them	PIU, UNDP with input of CTE and external experts (economist for developing business criteria)	By end of September 2010	Each GBSP fitted with minimum of one SMART biodiversity and one business/financial indicator, evidenced by corrected GBSP project logframes
4. Establish a <u>simple</u> monitoring programme for the new biodiversity and business/financial indicators for the GBSP projects and provide training to the GBSP recipients to carry out the monitoring ⁴³ .	PIU, CTE and other experts, GBSP recipients	Before completion of evaluation of applications for second Call for Proposals	Monitoring systems built into the each GBSP project, attached to the Project Approval forms
5. Establish a small, unrestricted fund within the general GBSP budget to develop ideas that would benefit multiple GBSP projects and help promote green business generally in Dalmatia, e.g. birdwatching	PIU, UNDP CO, PSC	By end of July 2010	Draft idea developed by PIU and approved by PSC, recorded in PSC minutes and PIR
6. Agree on cap to overall funding for GBSP infrastructure projects, with no funding for road developments or upgrades and only allow funding for buildings through loan scheme (NOT grants)	PSC	By end of July 2010	Decision documented in PSC minutes
7. Develop a simple biodiversity and business/economic value assessment system for GBSP project applications (published as a guide), based on clear and detailed criteria, for use by the GBSP host institutions when they take over the GBSP at the end of the Project, with training workshop and provision of necessary data/analyses to ensure effective implementation	PIU, CTEs and other experts, CDAs, participating banks and PIMPAs	By end of 2012	Written guide for applying the GBSP criteria, designed with the end users (CDAs, banks and perhaps PIMPAs), training workshop, and necessary data/analysis in order to implement system
8. Undertake a detailed market analysis of the likely demand and opportunities for BDFBs in the three target sectors in Croatia with a cost-benefit analysis comparing BDFBs with standard business models	PIU, external consultants	By end October 2010	Reports on current market and opportunities for BDFBs, report on cost-benefit analysis of BDFB versus standard business model
9. Undertake a Mid Term Evaluation in late 2012, and a post-Project evaluation of the	For Mid-term evaluation, CDA,	Mid-term in late 2012 and	Mid-term evaluation report, post-Project evaluation report

⁴³ The UNDP CO commented that 'Lots of them do not have interest nor university degrees (of any university) to carry out biodiversity monitoring. This should be done by an external expert/advisor'. However, the MTET feels that simple monitoring systems could be devised to be carried out by GBSP recipients (but with the results analysed by experts) and built into GBSP project reporting, and that this would help bring a better understanding of the impact of business on biodiversity and value of biodiversity generally among GBSP recipients and probably increase their support for BDFB in their local community.

GBSP in 2016 (5 years after the last agricultural project funded under the third Call for Proposals begins)	county administrations, participating banks, PIU, independent consultant (national) with input from the UNDP-GEF LNRE; for post-Project evaluation independent consultants, CDA/banks/PIMPAs and PIU staff	post-Project evaluation in 2016	
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3.3 COUNTRY OWNERSHIP/DRIVENESS

66. The original idea for the COAST Project dates back to the late 1990s, and was developed nationally through a PDF-A stage in 2002-2003, funded by GEF (US\$ 25,000) and the UNDP CO (US\$ 5,000), during which an initial stakeholder analysis, problem analysis and general identification of response measures was developed. A PDF-B funding application was made in 2003, attached to which was a Concept Paper (developed from the PDF-A), which was approved by the GEF Secretariat in June 2003. The Concept Paper listed the following Project Outcomes:

- *Outcome 1 will strengthen the enabling environment for biodiversity conservation through an integrated coastal management (ICM) approach. Replication of project findings will be part of this outcome. Although some work will be national, most work will be across the four participating counties;*
- *Outcome 2 will modify and adapt activities in key economic sector(s), particularly tourism, in order to prevent negative impacts on the biodiversity;*
- *Outcome 3 will demonstrate how, at two-three biodiversity rich sites in the area, ICM can be used to conserve biodiversity whilst facilitating economic development. The demonstrations will also directly conserve globally significant biodiversity;*
- *Outcome 4 will strengthen protected area management in the project area.*

67. As can be seen, these Outcomes are somewhat different to the current (final) set, and included a focus on integrated coastal zone management (Outcomes 1 and 3). Whilst there is some mention of the banking sector in the Project Concept from this time (*Sub-Outcome 2.3. Commercial banks do not finance environmentally damaging activities*), there was no proposal for the Green Business Support Programme (or the COAST Biodiversity Rapid Response Facility (CBRRF) as it was originally termed). The Concept also had one Outcome focused on protected area management (Outcome 4), which suggests that the original project was seen as a mix of GEF Strategic Priority BD1 and Strategic Priority BD2. It is not clear who was responsible for developing the original project Concept or who made what were clearly major changes to the project's design during the PDF-B, but MTE interviews revealed that the UNDP-GEF LNRE had a significant input in reshaping the COAST Project to promote a more 'green business' approach and in developing the GBSP (CBRRF) idea during this period. It is likely that the BD1 (protected areas) element was dropped on the advice of the UNDP Bratislava Office as GEF projects were required to focus on only one Biodiversity Strategic Priority, although it is not clear who made the decision to focus on BD2 (mainstreaming) rather than BD1 (protected areas)⁴⁴. Consequently, there is a question over the degree of local/national ownership of some elements of the Project and the degree to which the project's direction was influenced by UNDP staff outside of Croatia. However, the final project proposal submitted to GEF in June 2005 was endorsed by the Government of Croatia, and is included within the work programme of the MEPPPC and the UNDP CO in Zagreb.

68. MTET interviews revealed that COAST Project outputs to date, particularly the Project's biodiversity inventory work, action plans, and GIS data, are considered important products and tools by stakeholders but the extent of their use and integration into stakeholder working practice (and therefore true ownership) is unclear.

⁴⁴Unfortunately, because these discussions were held over 5 years ago, relevant individuals interviewed by the MTET could not remember the details.

Transferring Project results and structures to Croatian stakeholders is an area that the COAST Project needs to pay more attention to in the remainder of the Project, and should form a key element of any Sustainability and Exit Strategy (see section 5.3). Ownership at the municipal level also seems to be low and needs to be built, and although ‘ownership’ of individual GBSP projects is high (the ideas come largely from the project proponents themselves), it remains to be seen whether the banks will take on ‘ownership’ of the GBSP as their criteria for success are financial and it was made clear to the MTE that the GBSP will need to demonstrate financial viability if the scheme is to be fully adopted. Overall, therefore, country ownership is judged as *Marginally Satisfactory*

3.4 RELEVANCE

69. The Project Document highlights the relevance of the COAST Project to a number of national development plans and programmes, notably the *Croatian National Biodiversity Strategy and Action Plan* (NBSAP, August 1999, revised 2006) and the *National Environment Strategy* and the *National Environment Action Plan* (NEAP, 2002). The NBSAP determines the principles for conserving biodiversity and unique landscapes, including “*harmonisation of efforts in the protection of biological and landscape diversity with relevant international activities*”. The biodiversity (coastal, island and marine ecosystems) of Dalmatia is highlighted as some of the most important in the country and a priority for conservation efforts. As an indication of this, a significant part of Dalmatia is included within the National Ecological Network (NEN).

70. Despite the lengthy history of development of the COAST Project and the MTE taking place almost 5 years after the Project was submitted to GEF Council, the biodiversity, threats and barriers analyses conducted during the PDF-B phase (see section 2.2) remain valid and the COAST Project is still considered highly relevant to national and county level priorities. Indeed, every government institution concerned with the environment – both national and county level – interviewed by the MTE commented that COAST Project activities were important to their work. The Project is considered of most relevance for capacity building for institutions concerned with environmental management and for regional development (particularly PIMPAs and CDAs). The Government’s policy is to decentralize nature protection so the Project focus at county level is relevant (although capacity needs to be built, especially in nature inspection).

71. It was also very clear to the MTE that some national-level institutions see the COAST Project as directly providing them with important assistance to help meet their EU Accession work programme. For instance, interviewees at the SINP stated that the COAST Project had been directly supporting the Institute’s EU Accession activities through Project activities linked to the identification and establishment of the future NATURA 2000 network. They added that if the COAST Project had not existed they would have undertaken the work themselves (although it was acknowledged that the quality would not have been as high as that produced by the COAST Project). Although the MTET understands that EU Accession is the current priority issue for the Croatian Government (and likely to remain so for some years), GEF funding cannot be used as a substitute for EU- or national government funding to help meet requirements of the EU Accession process. This issue was raised in the technical comments provided on the Project Brief by GEF Council members during the Council Meeting of November 2005 (Annex 14 of Project Document). In response, the PDF-B team provided an annex (Annex 11 and Table 21 of Project Document) that listed EU Accession requirements and set the project baseline with reference to these requirements (actions taken by Croatia as part of its EU accession requirements), and included a table to show that activities to be funded by GEF (the incremental cost) would not contribute to meeting accession requirements but focus additionally on mainstreaming biodiversity into the main sectors of Croatia’s coastal economy. Given the lack of clear boundaries on this issue (an issue that arises with most GEF projects operating in countries in accession), the MTE recommends that the Project repeats this analysis, and seeks approval of the analysis from the UNDP-GEF Bratislava.

72. Overall, the relevance of the Project to national priorities is *Satisfactory*.

<i>Recommendations/tasks</i>	<i>Responsibility</i>	<i>Time frame</i>	<i>Deliverables/evidence</i>
1. Repeat analysis of EU Accession requirements relevant to the COAST Project, how current	PIU, UNDP CO	By end of August	Written document setting out position (update of Annex 11

baseline includes actions taken by Croatia as part of its EU Accession requirements, and incremental of COAST Project		2010	and Table 21 in Project Document)
2. Agree and confirm limits to COAST Project involvement with activities that might be seen as <u>directly</u> support EU Accession process	UNDP CO, UNDP-GEF Bratislava	By end of October 2010	Letter/email of approval from UNDP-GEF to UNDP CO and NPM on analysis (update of Annex 11 and Table 21 in Project Document) and clarification on what constitutes support for EU Accession activities and what is prohibited

3.5 REPLICATION APPROACH

73. At the Mid Term point, the Project has produced relatively few concrete results and products (although the MTET believes it will deliver many more in the next 12-18 months), consequently there has been little replication of Project approaches or results, e.g. copied by other projects, although this is not unusual for GEF projects at this stage of their implementation. However, there has already been relatively good technical knowledge transfer (dissemination of project results, some training workshops, and many documents are free and available on Project website).

74. If the Project's 'green business' approach (Outcomes 1 and 2), which offer alternative, financially viable and environmentally sustainable business models that seek to diversify and interlink coastal and rural economic activities (agriculture, fisheries/mariculture and tourism) and increased resilience to external influences over the 'standard' development model, can be demonstrated then there is a very high potential for replication. However, MTE interviews revealed that many people, in both the business and environmental sectors, are still not convinced that the GBSP scheme will work or don't understand the value of 'green business' model or how it will work (they still see green business and sustainable development generally as 'unaffordable' with 'economic costs'). For instance, many GBSP interviewees saw their project as an opportunity to make money from biodiversity but had a very poor understanding of the contribution that the business could make to biodiversity conservation goals. Consequently, the COAST Project will need to convince the environmental lobby that sensitively managed businesses need not destroy biodiversity (indeed that it can deliver real, measurable benefits to biodiversity), and conversely the business community, especially the banks and financial institutions, that a more sustainable approach does not limit opportunities for financial gain and employment, and to both that green business is achievable in Croatia. What is needed is a set of case studies that set out the costs and benefits (in terms of income, employment, financial impact their department and on others – the language of politicians of all parties) of 'green business' versus 'business as usual' models of development.

75. The replication approach and achievement of replication of Project results is judged as ***Marginally Satisfactory*** at the MTE stage.

3.6 STAKEHOLDER PARTICIPATION AND PUBLIC INVOLVEMENT IN DESIGN OF COAST PROJECT

76. A list of 280 potential stakeholders was identified at the outset of the PDF-B phase, which included the key ministries and institutions at the national level, county administration and key institutions, a large number of micro, small and medium-sized enterprises (MSME) and a few larger enterprises (tourism, agriculture, fisheries and mariculture, banks, individual farmers), scientists, NGOs, and the media. This was followed by a Stakeholders Analysis⁴⁵, which involved 17 experts, after which the list was cut down to around 120 key stakeholders (from national level, the four counties and four demonstration landscapes, various economic sectors, private business, co-operatives, the scientific community, media and individuals). Stakeholders were involved through 7 thematic

⁴⁵ The findings of this analysis are presented in the document: 'Stakeholders Analysis', prepared by A. Pavasovic, Split, August 2004. Document available from UNDP Croatia.

and sectoral workshops and consultative meetings (each attended by 35-50 participants), 20 group meetings/consultations across the four counties and at the demonstration landscapes, and more than 80 meetings and individual consultations held by sectoral and thematic project experts. In addition, an Advisory Working Group was established in the Project area. Promotional booklets, cards and maps were prepared by the UNDP CO and widely distributed during the PDF-B phase along with extensive media coverage through regional newspapers, radio and TV. A Stakeholder Participation Plan (SPP) was developed (Annex 4 in Project Document) that set out how to achieve effective stakeholder participation during implementation of the Full Project, and included appropriate levels and intensity of interaction, and tools and methods. Consequently, it appears that communication with stakeholders during the project design phase was high, their participation and contributions significant (evidence of this is the level and diversity of co-financing and the large number of letters of commitment received by the end of the PDF-B). Consequently, stakeholder participation during the design phase is rated as *Satisfactory*.

4 PROJECT IMPLEMENTATION

4.1 PROJECT OVERSIGHT

77. Project oversight is undertaken at the strategic level by an inter-institutional Project Steering Committee (PSC), comprising of 22 members from various national-level ministries and agencies, county level authorities, with UNDP represented by the Country Office. The PSC is chaired by the State Secretary at the Ministry of Environmental Protection, Physical Planning and Construction (MEPPPC). The membership of the PSC was revised and altered at the inception stage to reflect changes that had taken place in the organizational structure responsible for nature protection since the PDF-B phase in 2005, with the loss of the Croatian Tourism Organisation and the addition of the Ministry of Finance and Central Office for Development Strategy and Coordination of EU Funds.

78. The PSC has met on just three occasions since the Inception Workshop (6 July 2007, 8 July 2008 and 6 July 2009). Minutes of the meetings and lists of attendees were recorded (available only in Croatia). The general feeling among PSC members interviewed by the MTE was that the PSC was effective at making decisions and is useful as a forum for linking state and county administrations. However, many members interviewed would like to see it meet more often as they feel they still know relatively little about the Project and would like to participate more. Apart from keeping stakeholders informed, increasing the number of PSC meetings from the current annual meeting to two or three times a year would help build stronger networks and partnerships at the national level which could be particularly valuable given that relationships between the Project and a number of institutions represented on the PSC need to be strengthened in order to improve the likelihood of successful mainstreaming of Project results and tools (Outcome 4). However a few others said that they had little time available for follow-up of meetings because of other commitments (mostly related to EU Accession) and it is unlikely they would attend more meetings. Given that the MTE recommends the removal of activities associated with forest conservation and water management, it is debatable whether the representatives from Croatian Forests and Croatian Waters should remain on the PSC. Disappointingly, whilst there is a wide range of national and county level government institutions represented in the PSC (see above table), no NGOs or other civil society or business community groups are represented, which is considered a weakness and should be rectified (at a minimum of one NGO should be included along with representatives from the Chamber of Commerce in Dalmatia representing the business community).

79. Generally government support for the COAST Project has been good, particularly from the MEPPPC, MAFRD, SINP and Ministry of Culture, although disappointingly the Ministry of Economy has not played an active part. Although six ministries share responsibility for the environmental, cooperation and coordination between them is generally good (as far as the MTE could gather from interviews).

<i>Recommendations/tasks</i>	<i>Responsibility</i>	<i>Time frame</i>	<i>Deliverables/evidence</i>
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1. Discuss feasibility and desirability increasing number of PSC to two or three times a year from current annual meeting, and change meeting frequency ⁴⁶	PSC	Next PSC meeting (July 2010)	Written minutes of July 2010 meeting of PSC
2. Review composition of PSC and agree on changes (e.g. loss of Croatian Forests and Croatian Waters, addition of NGO(s) and representative from the Dalmatia business community)	PSC	Next PSC meeting (July 2010)	Written minutes of July 2010 meeting of PSC
3. Expand membership of PSC to include at least one NGOs from the Dalmatia region, and a representative from the Dalmatian business community (one each from agriculture, fisheries/mariculture and tourism sectors chosen from Chamber of Commerce)	PSC, NGOs, business community	At next PSC meeting (by July 2010)	Minuted agreement to include new NGO and business community representatives on an expanded PSC, official letters of invitation to the next members and attendance at PSC meetings

4.2 STAKEHOLDER PARTICIPATION AND PUBLIC INVOLVEMENT DURING PROJECT IMPLEMENTATION

80. In judging Stakeholder Participation/Public Involvement during implementation three related and often overlapping processes need to be assessed: information dissemination; consultation; and “stakeholder” participation.

81. Information dissemination of the Project's results is achieved through a number of means, but largely through the Project's website, presentations by PIU staff (particularly regarding the GBSP) at the county, municipal and local levels, and printed documents including newspaper articles and project leaflets. However, a number of interviewees, especially from national government institutions, expressed a strong view that they have not been kept sufficiently informed of Project progress, or had a detailed picture of only a small part of the COAST Project (the areas in which they were most involved). Given the need to promote the Project results and ensure good partnerships are maintained (which will become increasingly important to achieve Outcome 4), it is suggested that the COAST Project produces an illustrated, 3-4 page, 3-monthly newsletter, that is available both electronically (for download from Project website) and in hard copy, with distribution to all major stakeholders (both to individuals and their institutions).

82. All of the publicly accessible information on the COAST Project is available in Croatian and all of the key documents, e.g. action plans, have an English summary. However, the quality and length of these translations varies with examples of vague, unclear, ambiguous or misleading English in the summaries reviewed by the MTET. It is therefore recommended that a native English speaker checks all translations, as the English translations are important for dissemination of the Project results to the international stakeholders and global audience. Production and dissemination of information by the COAST Project is rated as *Marginally Satisfactory*.

83. In terms of consultation, the Project has a Project Steering Committee (PSC) at whose meetings progress and information on the Project is presented and consultation sought on the following year's activities (discussion and approval of the Annual Work Plan).

84. The PIU team have developed excellent relationships with the four county authorities, who see the COAST Project as both open and responsive to regional concerns. The PIU has built a particularly strong and valuable relationship with the four County Development Agencies (CDAs), in part because the COAST Project has helped substantially build their capacity for rural development through paying for four highly capable staff (the secondees) at each CDA. This has helped generate considerable trust and respect for the COAST Project among

⁴⁶ UNDP Croatia pointed out that this recommendation is viewed as unnecessary bureaucracy and it is unlikely that the State Secretary/National Project Director would be attend on each occasion, and commented that ‘PSC are not good opportunity for open discussion, just for decision taking. Discussions are happening before/after PSC and what is agreed is confirmed during the next PSC’. Nevertheless, the MTET believes the issue should be raised at the next PSC meeting because of the requests made from various PSC participants for more frequent meetings.

the CDAs. Another strength has been the choice of the NPM, who is widely regarded as someone who is a good listener and asks for opinions on project ideas or activities from others both inside and outside the immediate Project team. This has helped generate an image of the PIU team as being 'consultative'. Overall, stakeholder consultation during the COAST Project implementation is rated as *Satisfactory*.

85. Stakeholder participation during implementation up to the MTE has been generally good, with opportunities for local stakeholders to be involved in many of the Project's activities, such as participation at the workshops to develop the Project's various action plans (stakeholder input confirmed during interviews with the CTEs). There has also been good use of experts from universities and institutes in Croatia in Project activities (largely as consultants), including Oikon Ltd (Institute for Applied Ecology, Zagreb)⁴⁷. Another key tool for ensuring broad stakeholder, particularly public, participation is the GBSP, which allows a relatively large number of (largely local) people access to project finances and support mechanisms.

86. However, there has been relatively little involvement of NGOs in Project activities (only three are included in any meaningful way - Sunce and 'zdravi grad' based in Split and the Falcon Centre near Sibenik as a GBSP beneficiary), although this is more a reflection of the underdeveloped nature of the environmental NGO community in Croatia rather than any discrimination against NGO participation by the COAST Project⁴⁸.

87. Another important approach listed in the Project Document for promoting greater stakeholder participation in the Project was to be the use of **Focus Groups**, one for each demonstration area/landscape, based on the initial multi-sectoral groups of committed stakeholders that were assembled during the PDF-B phase (including local and national NGOs, local institutes, private sector, SMEs, individual family entrepreneurs, other partners and beneficiaries). According to the Inception Report these were due to be created early in Project implementation but interviews with the PIU were not fully established because they were seen as 'inappropriate', although it is not clear why this should be so. In the opinion of the MTET they still might have merit in that they would provide valuable independent feedback on Project progress, help build more effective partnerships and networks at the county and municipal levels (especially important for lobbying and mainstreaming activities which need to be increased), create better local 'ownership' of the Project, aid dissemination and replication of Project results, and help to ensure project sustainability and transition at the end of the COAST project to project partners⁴⁹. The MTE therefore suggests that establishing Focus Groups be re-examined. Stakeholder participation during COAST Project implementation is rated as *Satisfactory*.

88. Overall, stakeholder participation and public involvement is rated by the MTET as *Satisfactory* but should be further improved, particularly with greater involvement of the NGO community.

<i>Recommendations/tasks</i>	<i>Responsibility</i>	<i>Time frame</i>	<i>Deliverables</i>
1. Develop a 3-4 page, illustrated, 3-monthly newsletter, that is available for download from Project website and in hard copy, with distribution to all major stakeholders (both to individuals and their institutions)	PIU, particularly new position of Project Associate - Communications and Public Relations	First edition by end of June 2010	Quarterly newsletter
2. Review English summaries of all COAST Project documents to ensure accurate and readable translations	PIU, particularly new position of Project Associate - Communications and	By end of June 2010	A set of revised English summaries for existing Project Documents that contain them

⁴⁷ For the Project activity "Inventory, Evaluation and Sustainable Use of Landscape Diversity" Oikon was affiliated with LUZ (Urban Planning Institute) from Ljubljana, Slovenia.

⁴⁸ However, it should be noted that some national government institutions interviewed by the MTET were very negative about the contribution made by NGOs in Croatia - comments included 'reactionary', 'divisive', 'looking for trouble' - and do not see them as serious partners in environmental management or sustainable development.

⁴⁹ Focal Groups with key individuals or 'champions' that have later led to EU LEADER Groups is a successful approach that has been tested on other UNDP-GEF projects in countries undergoing the EU Accession Process, e.g. for the UNDP-GEF Rhodope Mountains Project in Bulgaria.

	Public relations		
3. Review use of Focus Groups for facilitating mainstreaming in Croatia and establish if considered effective ⁵⁰	PSC, PIU, UNDP CO	For discussion at July 2010 PSC meeting	Minutes of PSC

4.3 PROJECT DIRECTION, MANAGEMENT AND EXECUTION

4.3.1 Project direction

89. Overall direction of the COAST project is the responsibility of the National Project Director (NPD), who is currently Dr.Sc.Nikola Ružinski, the Secretary for State at the MEPPPC and who works on the Project on a part-time basis. The NPD reports to the Minister at the MEPPPC, is authorised to make key decisions on behalf of the government, and has overall responsibility, on behalf of the government, for the COAST Project implementation, and the achievement of the project outcomes and outputs. He is supported by a part-time MEPPPC Focal Point person, Gordana Ruklić, who takes a keen interest in project progress and operational matters and consequently is able to brief the NPD.

90. All key partners have nominated and finance an **Operational Focal Point** (OFP) to liaise with the PIU, provide operational support to the implementation of activities under the partner's responsibility/ competence, act as a channel for information on the Project into their institution, and to support, if appropriate, a secondee in their institution (although no secondee has been employed at a national-level institution to date). In some cases the OFP sits on the PSC (as a result some key stakeholders have two members on the PSC).

91. Originally, the COAST Project was to create a small **Project Management Group** (PMG) to be responsible for important management decisions between meetings of the PSC and to meet biannually (although extraordinary meetings could be convened if needed). The PMG membership was to include the NPD, UNDP, National Project Manager (NPM) and representatives of the four counties. At the Inception Workshop it was suggested to expand the proposed composition of the PMG by adding a representative from each CDA. However, the PMG does not seem to have been established (it is not mentioned in the annual PIRs, for instance). Instead, the Project relies on the frequent, although less structured, contact between the PIU and UNDP CO, and meetings with the MEPPPC when senior PIU staff (usually the NPM) visit Zagreb (on average once a month).

92. The Green Businesses Support element of the GBSP also has its own administrative and institutional set-up shared between UNDP CO, County Administrations and County Development Agencies (CDAs), with day-to-day management and administration tasked to the PIU. The aim is to gradually transfer responsibility for managing the GBSP to the CDAs by the end of the Project assuming sufficient institutional capacity has been built for the green businesses development, monitoring, financing and evaluation within the CDAs.

4.3.2 PIU Project staff and technical experts

93. Day-today implementation is the responsibility of a **Project Implementation Unit** (PIU) located in Split, comprising a full-time **National Project Manager** (NPM), and a range of staff. The position of NPM has been held by Mr. Gojko Berengi throughout, who is a specialist in spatial planning (and widely considered to be one of the best in his field in Croatia, which has given the Project an advantage in dealing with spatial planners⁵¹). Composition of the PIU was revised during the Inception period, and there have been further changes since. It currently includes the NPM, a Deputy Project Manager (DPM, with a background in physics and sustainable development), two Project Associates (a biologist with a background in ecology and organic agriculture, and an economist with a background in SMEs) and an administrative/financial assistant. The NPM has overall

⁵⁰ The PIU commented that 'Instead of multipurpose Focus Groups, the Project aims to establish sectoral associations as a more practical solution' and Leader Groups 'will be introduced as preparation for EU rural development funding opportunities'.

⁵¹ Spatial planning is the main framework in charge of delivering sustainable development in Croatia and spatial planners are called on to integrate all aspects of development, which is why the COAST project has had a special focus on targeting mainstreaming into spatial plans and providing support to spatial planners. One interviewee even referred to spatial planners as 'the real axis of power' in Croatia.

responsibility for the whole COAST Project and reports to the National Project Director and UNDP. All the employees of PIU Split are competent, very well educated, and have good specialist knowledge and experience, and importantly they are able to think strategically and perform beyond their management roles. The MTE was impressed with all of them. They also have a very good reputation in the community, with ‘very professional’, ‘respond quickly to requests’, ‘very helpful’, ‘pay attention to detail’, and ‘couldn’t have done it without them’ among the many comments made by interviewees to the MTE.

94. At the start of full project implementation, the PIU had two Deputy Project Managers, the other one based in Zagreb, but the holder of this position moved to another job after one year and a decision was taken not to replace her but use the funds to employ an economist to be based in Split to help develop the GBSP which was more of a priority at the time.

95. Due to the complexity of the Project and limited financial resources, it was decided that a group of six technical experts – termed Chief Technical Experts (CTEs) – would be contracted to provide the necessary support in: (i) terrestrial biodiversity; (ii) landscape diversity; (iii) marine biodiversity and fisheries/ mariculture; (iv) agriculture; (v) tourism; and (vi) biodiversity friendly investments. They are used for (among other things) design of methodology, critical reviews of studies and technical reports, and input to the development of TORs. The MTE interviewed most of the CTEs and it was clear that their input has been significant and of high quality and they are clearly deeply committed to the Project. They have become an important resource for the Project, and the use of these experts has strengthened the Project. The CTE for ‘biodiversity friendly investments’ is no longer attached to the Project as her expertise is now provided by the Project Associate (Economics).

4.3.3 Management of GBSP

96. Management of the GBSP is carried by three members of staff from the PIU office in Split - the NPM, DPM and Project Associate (Economist) - and the four secondees at each CDA. According to his Terms of Reference, the DPM (Mr. Ognjen Škunca) acts the Coordinator for the GBSP, although he is assisted in its day-to-day management by the Project Associate (Economics) and acts under supervision, facilitation, guidance and operational instructions of the NPM, to whom he is directly responsible.

97. The Project Associate (Economist) is a relatively new and permanent position in PIU (she started in April 2009) which was created in response to a huge increase in workload resulting from the first Call for Proposals for the GBSP. Previously, the GBSP had relied on two short-term consultants but due to the variable quality of their input and the lack of in-house expertise in economics and SME management (none of the other PIU staff have any background in economics), it was decided to employ a specific, full-time, economist as a member of the PIU, which the MTE considers a much better and more sustainable solution (and one interviewee commented that after the Project Associate arrived ‘things became clearer’).

4.3.4 Secondees

98. Secondment is a key project strategy to increase technical capacity and ‘embed’ biodiversity into the working practices of county administrations and nature conservation agencies through the financing of 6 secondees⁵². The COAST Project currently pays the salaries for four secondees within the CDAs (one in each county funded for three years), and two secondees within the PIMPA for Sibenik-Knin and Dubrovnik-Neretva counties (funded for two years).

99. Those secondees embedded within the CDAs work on all tasks and activities related to the GBSP, particularly on the establishment and maintenance of contacts with the GBSP partners. Their work includes:

- Undertaking all of the administrative work relating to the GBSP within the CDAs;

⁵² Originally, it was intended that secondees would be provided to ministries, county planning departments, HBOR and tourism boards, but the effective fall in the Project budget between the PDF-B stage and the beginning of Project implementation meant that funds were not available to employ this strategy more widely. This is a pity because seconding staff to other bodies, especially in tourism with which there are considerable opportunities for cooperation and collaboration, would probably help with mainstreaming project message and results.

- Participating in evaluation of selected applications and helping potential applicants apply (including guiding them through the application process and helping them collect the necessary documentation, as well as giving support in reporting to the GBSP project recipients);
- Making field visits to assess implementation of GBSP projects;
- Assisting in the organization of various capacity building programmes (information, awareness-raising and training events) for GBSP participants and potential interested parties;
- Providing support for the establishment and operation of GBSP's main technical and financial instruments;
- Assisting in provision of technical assistance to various external GBSP partners and beneficiaries;
- Leading on the identification of relevant GBSP funding opportunities (national, EU and other);
- Establishing and maintaining working relationship with commercial banks; and
- Helping to raise awareness on the potential and opportunities for 'green business'.

100. Essentially the secondees act as extensions of the PIU at the county level and 'ambassadors' for the GBSP. Secondees will play a particularly important role in the sustainability of the GBSP after the COAST Project ends. The PIMPA secondees carry out a mixture of tasks with their time divided roughly 50:50 between COAST Project activities and work for the PIMPA. Both the CDAs and PIMPAs with secondees have small numbers of staff so the addition of the secondee is significant.

101. The four attached to the CDAs are a mix of two economists, one agronomist and a biologist (fisheries expert); the two attached to the PIMPA are both biologists. The MTET held interviews with all 6 secondees and was impressed with their knowledge, experience, professionalism and commitment (all of them!). The COAST Project, CDAs and UNDP CO have clearly made an effort to attract the best people for these positions and should be congratulated. All four of the CDA Directors and the two PIMPA Directors interviewed expressed complete satisfaction with the performance of their secondee and were grateful to the COAST Project for providing them. The secondees have clearly made a difference at their host institutions and for the delivery of the GBSP (the CDA secondees had built strong relationships with most of their GBSP projects and GBSP interviewees spoke very highly of all of them), and are one of the early successes of the COAST Project. It is a model that could perhaps be more widely employed by other GEF projects.

102. Communication between the PIU and the CDA secondees is very good with mostly daily contact by email or telephone with the Project Associate (Economics), who offers, among other things, advice on how to support GBSP beneficiaries in implementing their contracts. However, although the four CDA secondees have met twice during the last year (not clear how often the PIMPA secondees meet), there is a clear need for more and regular face-to-face meetings, ideally on a monthly basis at the PIU Office in Split, to discuss key issues and problems arising from their work at the CDA and PIMPAs, which could also be used as an opportunity to provide structured training (including mentoring from the Project Associate (Economics) and Project Associate (Biology)) as well as an opportunity for exchange of information and experiences and GBSP team building (currently weak). The MTE recommends that a programme of scheduled meetings is established with meetings held at a minimum once every two months, but ideally every month and this should be seen by the PIU and secondees as an essential task.

4.3.5 Staffing, workloads and team building

103. The PIU team is doing a very good job, but lengthy interviews with the staff revealed that all of the staff have high workloads which is negatively impacting some aspects of the project and some staff are 'spread too thin', particularly those staff most involved with the GBSP and dealing with project communication issues and reporting. Based on the MTET's combined experience of 50 years of project management, the situation is only likely to get worse as the work intensifies in order to meet end of Project deadlines.

104. In the view of the MTE, the DPM has an especially broad set of responsibilities and high workload.⁵³ Originally the role of DPM was shared by two people (one in Zagreb, one in Split), but since the loss of the

⁵³ These include (amongst other things): acting as the GBSP Coordinator (Executive Officer); coordinating activities with county administrations, authorities and detached national institutions and other key partners and stakeholders in the project area; supervising and providing technical backstopping to all secondees, experts, consultants and sub-contractors in the project area; supervise and technically support all activities related to Outcome 1 (all Outputs),

Zagreb-based DPM the role of the DPM has been carried out by only one person. The current DPM is a very good operator, delivers his tasks well and deserves praise for what he has achieved but the MTE feels that he has too many responsibilities and it is recommended that some of his tasks are transferred to other members of staff. This is particularly important with regard to the GBSP as the workload of the GBSP will only increase in the next 2-3 years as more GBSP projects are approved, become operational and need to be managed and monitored, and as activities related to promotion of the GBSP results and the Project's 'green business' model becomes more important.

105. The MTE feels that, at a minimum, most of the responsibilities and tasks related to the GBSP should be transferred from the DPM to the Project Associate (Economist) who is more than qualified and experienced enough to handle them (she has extensive experience of both running her own business and advising others on SMEs, and the MTE found her to be very competent). In addition, she is highly respected in the local community, has built strong links with the GBSP participants, and is especially valued by the four CDA secondees who see her as their 'mentor'. At present she is not given sufficient responsibility within the GBSP, and, despite a comprehensive set of tasks within her ToR, in many ways acts as little more than an assistant to the DPM with relatively few personal responsibilities. In the MTET's opinion, this is an inefficient use of Project staff strengths, skills and experience, does not encourage creativity and independent thinking, and, judging from MTET interviews, is negatively impacting on the implementation of the GBSP. Instead, given the loss of the DPM from Zagreb and the need for increased contact with project partners and stakeholders at the national level to improve Project communication and increase the likelihood of successful mainstreaming of Project achievements, and given his wide and detailed knowledge of the whole of the COAST Project, the MTE recommends that the DPM is given an increasing role at the national level (essentially to take up some of the work that would have been done by the Zagreb-based DPM, which is clearly now needed). It is suggested then that the DPM takes a lead on the Project's mainstreaming activities but retains an oversight role for the GBSP.

106. Also, the Project Associate (Biologist) has spent a lot of time dealing with administrative tasks (e.g. drawing up contracts), when her skills and experience would have been better employed dealing with communication for the Project, promotion of organic farming, or other technical aspects of the Project.

107. Due to these high workloads and overlapping responsibilities and tasks, it is clear that the PIU is understaffed. Staff should not have to work till mid-evening many nights a week just to keep up - this is not a reflection of lack of ability but a lack of manpower. Indeed the ratio of number of project staff to budget is very low for a GEF project of this size. The MTE believes that PIU capacity is too low and that unless staffing at the PIU is increased the Project is unlikely to be fully delivered, especially as some of the recommendations made by the MTE will require significant additional staff time. Consequently, there is a strong case for employing at least two additional members of staff at the PIU – a Project Communications and Public Relations Officer, and a part-time Project Assistant (Economist) to support the existing full-time Project Associate (Economics). Project communication has not been as effective as it could have been (see section 4.5) and needs a dedicated member of staff who will deal with all project dissemination and communication issues, and advise on mainstreaming project results into national, county and local level decision-making processes. Also, as pointed out above, there is an urgent need for additional support to the GBSP to help with both the technical and huge administrative workload. Employing a Project Assistant, with a background in SMEs, would help free up the Project Associate (Economist and to some extent the Biologist) to work on the more technical issues with potential GBSP beneficiaries, CDAs and secondees and to promote the GBSP to potential applicants (the MTE believes that this would have positive impact on efficiency of GBSP implementation, increase overall staff performance, and, importantly, shorten the waiting time of application/evaluation process). It is important that this position is not simply filled by a consultant – it needs a permanent member of staff – as the use of consultant economists on the Project has not worked well in the past.

Outcome 2 (notably Output 2.4) and Outcome (notably Outputs 3.1, 3.6 and 3.7); assist the NPM in designing and organising training and all other activities/meetings to be implemented in the project area; generally supporting administration and management of the Project (e.g. assisting in drafting of ToRs for contracts, production of work plans, project progress reports and general project monitoring and reporting, and support to project communications); and deputizing for the NPM as needed.

108. Given the recommended changes to the PIU team and refocusing the Project on central activities, the MTE recommends that the TORs and contracts of all existing staff are reviewed and revised, in order to rebalance responsibilities and tasks (the current TORs are very long and quite complicated to follow anyway).

4.3.6 Staff training and professional development

109. Substantial capacity building efforts have been invested in the PIU staff and secondees in areas beyond the basic requirements usually provided to UNDP-GEF projects (training in GEF project procedures including monitoring and evaluation, Atlas financial management system, and UNDP procurement procedures). This has included attendance on training courses on project management (NPM), training in applications for EU funds (some secondees), and a number of other courses. It should be noted that UNDP-GEF projects do not generally offer project staff the chance for career development through planned training and other opportunities as part of their employment package (training tends to be on an *ad hoc* basis, if and when courses come up, and is usually very limited due to the project's budget). Consequently, the COAST Project is unusual in this regard, and the NPM, DPM and UNDP CO should be congratulated for ensuring the COAST Project staff (including secondees) have been opportunities for structured professional development. UNDP does not offer professional development to GEF project personnel so the UNDP Croatia CO deserves special credit for their positive support⁵⁴.

110. All PIU staff and secondees interviewed felt that their COAST work would benefit from additional training and learning and most expressed a desire for further structured professional development. Several sets of specific needs were identified:

- **PIU staff** - effective media presentations, negotiation and conflict resolution, leadership skills, also advanced courses on rural development (PhD);
- **Secondees** - analysis of economic, financial reports and business reports, global experience of 'green business', conflict resolution and negotiation skills, development of business proposals, how to write effective project proposals, accessing EU funding (as rural development will be a major part of expected future EU funding), key performance indicators (KPIs), project risk assessment process for SMEs⁵⁵, and for the economists (ecology and environmental management) and the biologists (green business).

111. The MTE recommends that the PIU Project Associate's (Economist) workload is rearranged to allow her to offer regular, structured mentoring to the CDA secondees (one day per month) for remainder of the Project. The Project Associate (Biologist) could also contribute to such a programme on her areas of expertise (ecology and organic agriculture). Also, any members of staff that attend a training course should be expected to transfer this knowledge to other members of the team ('train the trainers' approach). Encouraging the secondees to teach each other would also help build a more effective team that shares information and ideas across the whole of Dalmatia and help improve the likely institutional sustainability once the COAST project hands over the GBSP to the CDAs. Given that the Project staff identified a number of ideas during relatively short MTE interviews, it is recommended that a formal career development and professional training needs analysis is undertaken for the staff (preferably by an outside management consultant on a short contract).

4.3.7 PIU office space

112. The PIU office is too small for the staff and it reduces their work effectiveness and efficiency. The NPM has his own room with adequate space, also the Project Administrative/Financial Assistant, but the DPM and the two Project Associates (Economist and Biologist) share a tiny, cramped office where private phone conversations and meetings with GBSP clients are not possible and the risk of constant interruption is very high. During the summer months the DPM sometimes uses the UNEP office conference room downstairs as a base, but, again, this is far from ideal. Having seen the PIU office the MTET does not understand how the PIU has managed to operate under these conditions for so long and it is clear that additional office space needs to be found and urgently, especially as

⁵⁴ The MTET believes that UNDP (globally, not just UNDP Croatia) needs to examine whether it should fund professional development schemes as part of the employment package offered to staff if it wants to attract and retain the best people, especially if salaries are not competitive and recommends that UNDP and GEF build this into project budgets at the design stage. Along with an attractive salary, professional development opportunities are the main reason why people stay with an organization and invest extra time in their work, so these opportunities can be crucial to attracting and retaining a good project team.

⁵⁵ This last training could be offered by HAMAG or the banks involved in the GBSP.

the two new staff positions (see above) cannot be filled unless they have a desk and office facilities available. While the MTET understands that office space is at a premium in central Split, it is recommended that the PIU either move as a group to a new office or the PIU should be split into two with some staff remaining in the existing office and the rest moved to another site close by (preferably within the old city so within 5 minutes walk), ideally with everyone having their own room. Solving the space situation should be considered as a top priority for the PIU and UNDP CO.

4.3.8 Project coordination and operational issues

113. Coordination of Project activities is largely achieved through the very frequent communication between the PIU staff members and secondees and the Project's key partners, largely through telephone and emails, but also through face-to-face meetings. MTE interviews confirmed that on the whole this work well.

114. Coordination at the national level is also relatively good, with regular, almost daily, communication (email, telephone) between the PIU staff (mostly the NPM), and the UNDP CO (mostly the UNDP CO Programme Associate), and this helps ensure linkages with other programme areas with relevant activities – local development (with Zadar office – in the COAST region) and business partnership. The Project team also has a good and close relationship with the UNDP CO Operations team which helps facilitates timely Project delivery (contracting, procurement, payments) and the Project financial and administrative assistant has visited the UNDP CO several times in for training on UNDP corporate procedures. In addition, either the NPM or the DPM visits Zagreb on average once a month for a project-related meeting and takes the opportunity to discuss project planning, coordination and implementation with the UNDP CO staff.

115. All the information relevant to the project is backed up once a week onto two external hard drives, one of which is kept in the PIU office, the offsite with the NPM. Whilst this is good practice, it is also recommended that the COAST Project invests in a fireproof safe where the office hard drive can be stored overnight. In the unlikely event of an office fire and at the same time the loss or malfunctioning of the NPM's hard drive, at least one drive will be safe and Project data secure.

<i>Recommendations/tasks</i>	<i>Responsibility</i>	<i>Time frame</i>	<i>Deliverables/evidence</i>
1. Review and revise tasks of DPM and transfer most of duties relating to GBSP (all of technical but leaving an oversight role) to the Project Associate (Economics), and increase role of DPM at the national level (for mainstreaming activities)	PIU, UNDP CO, UNDP-GEF Bratislava	By end June 2010, in time for PSC meeting	Document setting out revised responsibilities and tasks of DPM and Project Associate (Economics), emails agreeing change in arrangements
2. Increase staffing of PIU - recruit two additional members of staff at the PIU – a Project Associate - Communications and Public Relations, and a part-time Project Assistant (Economist) to support the existing full-time Project Associate (Economics)	PIU, UNDP CO, UNDP-GEF Bratislava	By end June 2010, in time for PSC meeting	Project Communications and Public Relations Officer, and Project Assistant (Economist) employed, and established at PIU office
3. Revise ToRs and contracts of <u>all</u> PIU staff and rebalance responsibilities and tasks	PIU, UNDP CO, UNDP-GEF Bratislava, PSC	By end July 2010, after PSC meeting	Revised ToRs and contracts, PSC minutes and email/letter from UNDP CO and UNDP-GEF Bratislava approving changes
4. Establish fixed programme of regular (monthly or every two months) meetings for exchange of information and experiences, GBSP team building and mentoring	PIU, secondees	Before end of May 2010 (in time for completion of 2010-2011 AWP)	Scheduled meeting programme and activities incorporated into Annual Work Plan (as an activity under Outcomes 1 and 5).
5. Undertake a formal and independent	External	Before end	Brief written report that identifies

career development and professional training needs analysis for all PIU staff and secondees and arrange the staff	management consultant, PIU, secondees, UNDP CO, and CDA Directors and PIMPA Directors of the secondees	August 2010	professional development needs and requests, identifies potential funding sources and time table for implementation
6. Rent new office space and relocate PIU office either as a group to a new office or split into two with some staff remaining in the existing office and the others moved to another site close by	PIU, UNDP CO	Before end June 2010	PIU team in new offices, with each staff having their own office
7. Purchase a fire-proof safe for storing one of the Project's two hard drives and ensure that kept in locked safe each night	PIU	Immediately	Small fire-proof safe installed in PIU office

4.4 ADAPTIVE MANAGEMENT FRAMEWORK

116. The Project's adaptive management framework is set out in the Project Document with monitoring and evaluation largely based on the indicators and targets set out in the Project's logframe.

4.4.1 *Monitoring and evaluation, and reporting*

117. Formalised monitoring and evaluation of Project activities has been undertaken through progress monitoring, internal activity monitoring and impact monitoring.

118. Project progress monitoring has been undertaken through quarterly reports produced by the PIU (in Croatian) and submitted to the UNDP CO and the National Project Director, and the annual Project Implementation Review (PIR). These present quantitative (achievement versus targets set out in logframe) as well as qualitative assessments of progress made. The quarterly reports sent by the PIU to the UNDP CO form the basis for the preparation of the 150-word fixed-format UNDP CO report that is sent to GEF. The quarterly reports comprise three sections – overview of activities, results, and main activities for the following quarter – but do not present achievements against targets, analysis of problems encountered during the reporting period and how they were solved, monitoring of risks, or any financial information (actual expenses against budget allocations), and are essentially descriptive (judging by the one translated into English and reviewed by the MTE) and these need to be made more comprehensive.

119. The PIRs are better reports and give a good summary of work-in-progress in terms of describing project implementation activities and in measuring performance against the corresponding set of progress indicators, and provide information on problems and issues encountered by the Project during the previous year. The PIRs are developed by the PIU NPM jointly with the UNDP CO and Bratislava Regional Coordination Unit, and are also submitted to GEF. Copies of all reports are submitted to the MEPPPC, and a presentation on the Project's progress over the previous year is given at an annual PSC meeting by the NPM.

120. Internal activity monitoring is undertaken at a number of levels by the PIU and UNDP CO staff. As mentioned above, there is very regular, almost daily, communication (email, telephone) between the PIU staff (mostly the NPM) and the UNDP CO. However, face-to-face meetings between the PIU and the UNDP CO staff tend to revolve around visits by the PIU staff visiting Zagreb for other meetings. The MTE feels that this arrangement is not structured or formalised enough and reporting between PIU and UNDP CO needs improving and made a monthly event. The MTE recommends that a monthly Project progress report is produced by the PIU for the UNDP CO, including a brief financial report, discussion of risks and any problems which have arisen in the previous month, and plan for the next month's activities. These monthly reports could be used to improve the quarterly reports.

121. It is also recommended that the PIU hold a scheduled internal monthly staff meeting (PIU and all the secondees and on the same day as the suggested monthly secondee meetings) to keep all staff fully informed of Project progress and developments. At present internal staff meetings tend to be held in a rather *ad hoc* fashion (there is no formal weekly PIU staff meeting for instance, although most weeks the NPM will brief the staff on relevant developments).

122. Once a year the UNDP CO Operations staff undertake a formal check of documents and procedures as part of its own monitoring programme.

123. Impact monitoring is largely undertaken through the assessment of achievement of the indicator targets in the Project logframe and the Project employs a variety of consultants to collect these data. However, as pointed out earlier, the current indicator set has few good (SMART) impact indicators. Other impacts not captured by the logframe indicators, such as the quality of important stakeholder relationships, e.g. with CDAs, are discussed briefly in the annual PIRs. Most of the Project's workshops and seminars also include a request for feedback from participants in the form of questionnaires, although there is always an issue over how useful these really are, as invitees tend to appreciate their inclusion in such activities and hence often give very positive (biased) responses.

124. Overall, the MTET feels that the Project's reporting is not detailed enough - there is too much general text, and results and decisions in particular are not adequately documented. For instance, although the Project has produced a significant number of studies, reports and plans as well as newspaper and magazine articles, the PIU did not have a list of these when asked by the MTE. Reporting related to the GBSP is a particular area of concern. Judging by documents provided to the MTE, there needs to be increased documentation on the GBSP application and selection process, including a more detailed explanation of how co-financing was calculated for individual projects, and detailed minutes of the meetings at which the individual GBSP proposals are approved (at present these meetings are not minuted) so it is clear how decisions have been made.

125. Unfortunately, there is no separate Annual Progress Report (APR) that is produced by many UNDP-GEF projects, which would provide a better opportunity than the more formal and limited PIR to more fully document important problems and issues and how they have been addressed (or not).

126. Overall, project monitoring and evaluation, and reporting are evaluated as *Marginally Satisfactory*.

4.4.2 Risk identification and management

127. Risks to the Project were well identified at the PDF-B stage and reviewed and updated at the Inception Workshop, when some new risks were added to the risk matrix. The UNDP Atlas risk matrix and PIR are the main tools for risk identification and management. The PIU monitors risks on a continuous basis, updates its risk assessment and mitigation system regularly, and tries to adapt Project activities to overcome or minimize risk. Risk analysis and mitigation is generally handled well by both the PIU and UNDP CO staff but could be better documented in the PIRs and quarterly reports.

i. General Project risks

128. Two risks are listed as 'critical' risks in the UNDP Atlas risk management matrix (included in UNDP Project Quarterly Progress Reports).

- As a result of the global financial crisis, banks in Croatia have become much more restrictive in offering credit and interest rates are much higher. This has made the Project's proposed Partial Credit Risk Guarantee (PCRG) facility much less attractive and insufficient as a financial instrument to help green business operators (confirmed by MTE interviews). In response, the Project's proposed financial instrument was modified so that it now combines a credit line with a subsidized interest rate and guarantee fund (up to 50% of credit) through a selected commercial bank, both based on a deposit made by UNDP and partner county (US\$ 100,000 each, so totaling US\$ 200,000 per county). In addition, the subsidized interest rate can be further lowered depending on the performance of the borrower (assessed on the basis

of regular repayment of the credit and fulfillment of the requirements set out in the signed agreement with GBSP).

- The other 'critical' risk identified in the Atlas Risk Matrix relates to unfavorable currency exchange between the US Dollar and Croatian Kuna. The US\$ to Kuna exchange rate fell from 8.80Kuna/1US\$ in Feb 2002 to 5.40Kuna/1US\$ in May 2007 (Inception Workshop) and by June 2008 it had fallen lower to 4.60 Kuna/1 US\$. The rate increased again in 2009, and in February 2010 (MTE field mission) was 5.10 Kuna/US\$. This has meant that the 'buying power' of the Project's US\$ budget has been reduced significantly since the Project was first designed and also since the Project was approved by GEF Council. Exchange rate risk is likely to remain a critical risk for the remainder of the COAST Project.

129. Three other risks are also worth mentioning here as they could become more important, perhaps critical, in the remaining period of the COAST Project and will need to be monitored and potential responses developed.

- The global financial crisis and economic downturn that has occurred since mid-2008 was identified as a Project risk because of its negative impact on demand for green products and services which are already more expensive than conventional products. Particular concern has been expressed about the impact on tourism and the European market for organic and traditional agriculture, two areas where the COAST Project has significant sets of activities, especially in relation to the GBSP. Although exact figures are not available, according to interviewees, tourist visits and associated revenue along the Dalmatian coast is estimated to be 15-20% down on the pre-crisis levels. The reduction in market demand due to the recession e.g. for organic produce, will probably mean lower profitability and make the GBSP less attractive to potential applicants (with less interest in loans than grants due to the financial risk). As a consequence the GBSP needs to consider how to remain competitive during the recovery period⁵⁶. However, another result of the crisis is the likely cut in the government budget for nature conservation activities, making the COAST Project contribution relatively more important. (**Medium risk**)
- The MTE found that all the partner ministries and government agencies consider meeting EU Accession requirements as their number one priority. Activities related to this represent a large proportion of their work, and are likely to remain so for the next 2-5 years. Consequently, any COAST Project activities not directly relevant to these needs are likely to receive less government attention, in terms of staff time, resources and enthusiasm for active participation. This could impact delivery of some Project aims and activities at national level, particularly those related to mainstreaming (Outcome 4) which requires close collaboration and commitment (in terms of staff and time) if it is to be successful. For instance, promotion of 'green business' is not as great a priority as meeting NATURA 2000 requirements for the government environment institutions. The COAST Project's response to this has been to try to be as 'useful' to the national government institutions as possible by providing them with information, analyses and tools that support their EU Accession efforts, thereby generating goodwill and promoting the Project. However, as noted earlier, the PIU and UNDP CO need to pay attention to ensuring that Project activities do not simply substitute for government activities, and where there may be potential overlap it is important that Project activities are clearly justified in relation to the Project's central objective to promote green business in the agriculture, fisheries/mariculture and tourism sectors, and this justification needs to be fully documented in Project reports. (**Medium risk**)
- Political elections are planned for 2012 (perhaps sooner) which are likely to result in changes to the institutional environment in which the COAST Project is operating (reconstruction of Government, with possible merging of some agencies with environmental remits, and the loss of specific individuals holding positions within Government institutions who have knowledge and an established relationship with the COAST Project, e.g. PSC members – PSC focal points would be lost but technical staff are likely to remain). Political elections were held in 2007 and 2009 and the Project adjusted well, but the next elections are likely to produce much more significant changes (particularly if there is a change of ruling party) at a time when the Project will be looking to increase its effort to mainstream Project results into government policy, legislation, planning and other decision-making processes (Outcome 4). It is also possible that there may be territorial changes after the next elections with the possible loss or merging of

⁵⁶ Linking similar GBSP together to share production, distribution, and marketing experience and costs, could help offset some of the risk and should be investigated, e.g. linking organic producers with the tourism sector. This would also help build a 'green business' network, which is currently lacking from the GBSP.

some counties, which would mean the loss of the individual CDAs and county administrations with which the COAST Project has built such good relationships. Given that most changes in personnel occur within three months of an election, it is recommended that the Project avoid activities with key government input during this period. However, there may be one advantage from the forthcoming elections in that it is expected that the current high level of fragmentation of the environment sector across ministries and public bodies may be reduced through the merger of several ministries (**Medium risk**)

- Closure of UNDP CO in 2012 is also considered a potential risk to the delivery of the COAST Project as it is not due to finish until 2014 which means that different implementation arrangements will need to be put in place during the critical last year. At present it is unclear who would take on responsibility for delivery of the 6-12 months, especially given the government's preoccupation with EU Accession requirements and likely rearrangements of government departments following political elections (see above). Dates for the closure of the UNDP CO need to be agreed soon and alternative arrangements agreed and put in place (with capacity building if necessary) as soon as possible and detailed in the Project's Sustainability and Exit Strategy (**Medium-High risk**)

ii. Risks associated with the GBSP

130. There has been no separate, detailed risk analysis conducted for the GBSP as a whole (it was not undertaken during PDF-B stage or at start of Project for instance), which the MTET considers to be a weakness of its design and operation. In addition, although individual GBSP Approved Project Proposal forms have a short section dealing with risks and risk mitigation measures, those reviewed by the MTET had very few identified risk and mitigation measures were inadequate. Most of the risks identified in the general risk analysis presented in the Project Document, Inception Report and listed in the UNDP Atlas risk matrix are relevant to the GBSP but GBSP risk is not separated. The MTE has identified some additional Medium to High risks specific to the GBSP, which could be used as a starting point for a risk identification and mitigation analysis that should be undertaken (and documented) by the PIU for the GBSP.

- Although all four counties administrations are interested in the development of GBSP priority sectors, the US\$ 100,000 allocated for the Partial Guarantee and Loan (PGL) scheme for each county may not be enough to create an effective financial facility that will continue after the COAST Project concludes. Tied to this is the fact that, so far, few GBSP applications have been for the PGL scheme, and, if there is insufficient interest or many applications are not eligible, the counties could put pressure on UNDP and the COAST Project to end the PGL scheme arrangement and reallocate funds for small grants, which would not be sustainable (once small grants funds are used there will be nothing left in the budget to continue the GBSP). Some county administration staff commented to the MTET that they would like to see more grants and less emphasis on loans. (**Medium Risk**)
- Two banks are directly involved with the GBSP (Splitska Bank and Jadranska Bank). The MTE interview at the Splitska Bank revealed that the Bank is interested in the GBSP because it will help 'green its image' (this seems to be a result of encouragement from the Bank's parent company, the French bank Societe Generale⁵⁷). However, the Bank's involvement is largely seen as 'experimental' by senior managers who are not yet convinced by the 'green business model'. It is therefore very important that the GBSP demonstrates its financial case; if it cannot, and in terms that senior bankers understand, there is unlikely to be wider future interest and commitment from the banking sector in Dalmatia. (**Medium-High Risk**)
- There has not been a detailed market analysis for the products and services being promoted through the GBSP since the PDF-B stage in 2005 (and none of the GBSP project recipients interviewed had undertaken one for their own business). In other words, the GBSP projects are being promoted without a proper understanding of whether there is a sufficient market for their products and therefore whether they will be able to survive financially. Consequently, there is a risk that GBSP projects may fail, no matter

⁵⁷ It is worth noting here that another major international bank – Crédit Agricole - has a high profile global 'green banking' campaign at present with the slogan 'Back to common sense. It's time for Green Banking' which portrays green business as an alternative to the irresponsible banking practices that led to the international financial crisis, with adverts in international newspapers (e.g. Financial Times), on the internet and news channels, fronted by the well-known actor Sean Connery (see <http://www.credit-agricole.com/greenbanking/english/>). It remains to be seen whether this is little more than a cynical attempt to capture disaffected investors rather than any deep-held beliefs about the changes needed in banking sector financing to achieve sustainable development, but alerting other banks in Croatia to what is happening in the international arena may encourage them to become more involved in the COAST Project. One comment made during the interview with the Splitska Bank was that the Bank staff felt "good about being able to say something concrete about financing green business in Dalmatia where the other banks can't" at the banking sector workshop held in Zagreb in November 2009, suggesting rivalry and competition between local and national banks is an issue which could be exploited by the Project.

how well established and operated. If so, it is likely that the banks will become more cautious about funding BDFBs in the future. The risk is particularly high for the GBSPs operating in the agricultural sector due to externalities such as the weather and all GBSP should therefore be required to take out insurance (which would help reduce the risk profile and hence attractiveness to the banks for further funding). **(Medium-High Risk)**

131. Overall, risk assessment and management were assessed as *Satisfactory* by the MTE.

4.4.3 Project work planning

132. The Project's Annual Work Plans (AWPs) are developed in consultation between the PIU, UNDP CO and MEPPPC and approved at the annual PSC. They contain detailed lists of activities grouped according to Output and Outcome. However, MTE review of the AWPs found them to be complex and confusing⁵⁸. In some cases, activities appear to be under the wrong Output or even Outcome. For instance, in the AWP 2009-2010, '*Info panels at fisheries markets with information on minimal allowed landing sizes*' is listed as an activity under Output 2.2 (Functioning market based incentives for BD), but this relates to compliance (so should be under Outcome 3). Similarly Output 2.4 (Improved approval processes for BD friendly investment) lists '*More detailed elaboration of NEN and its integration into physical/management plans*' as an activity, but this relates more to Outcome 4 (enabling environment) than improving the 'investment climate'. In other cases, activities are duplicated between Outputs, particularly relating to GBSP activities, which gives the appearance that more has been delivered by the Project than has in reality (double counting). For instance, '*Promotion of green business (through awareness raising campaigns involving presentation of the best practice, opportunities, success stories), mobilization and engagement of the interested prospective green entrepreneurs, trainings, exchange of experience, networking of active and potential green entrepreneurs (possibility of cooperation across all four counties)*' is listed under Outputs 1.1, 1.2, 1.3, and 1.4 (as they are all applicable to each of the four counties), but is repeated under '*Output 2.5: Increased demand for loans for BD friendly investments*', although its budget line is only included under the Outputs 1.1-1.4.

133. The AWPs are difficult to understand and use (compared to other GEF projects). Indeed, some of the Project partners' failure to properly understand the COAST Project may be because of the confusing AWPs (some interviewees brought these to MTE interviews and appeared to be using them as the basis for understanding the Project's activities). Consequently, the MTET strongly recommends that the AWP for 2010-2011 currently under development is revised so that activities are placed under their relevant Outputs and no activities are repeated between Outcomes. Revising, reducing and reordering the Project Outputs as recommended earlier (section 3.1.2) will help simplify the list and placing of activities to be included in the AWPs. It is also recommended that each activity in the AWP is accompanied by a brief description and that it links directly to the (revised) Project logframe and the TORs for contracts associated with the activity (activity descriptions in the TORs should reflect activities listed in the AWP and logframe) to ensure consistency. It would also help if the AWPs were made more 'Atlas friendly' with each activity having an accompanying Atlas code, which would simplify procedures between the PIU and UNDP CO on Project activity and budget management and reporting (e.g. for production of UNDP Combined Delivery Reports).

4.4.4 Lesson learning

134. Lesson learning has not been a very obvious part of the COAST Project so far. The COAST Project has not undertaken any specific, detailed formal lesson learning exercise in the period between the Inception Workshop and the MTE (although the Inception Report (Annex C) mentions an annual 'lessons learned' exercise to be undertaken by the Project team and UNDP-GEF Regional Coordinating Unit, with a budget of US\$ 12,000). Also, there appears to be no formal Project mechanisms for incorporation of feedback and lessons learned into project implementation and management and the only documented 'lessons learned' that the MTET could discover are contained in the annual PIR reports (mostly under its 'Good practice' section). There is only a very brief analysis and documentation of the lessons learned on the establishment and operation of the GBSP presented in the PIR for

⁵⁸ It should be noted that the PIU was well aware of these weaknesses in the AWP but discussions with the NPM revealed that this ordering reflected the way the various activities had been set out in the Project Document, which had, unfortunately, not been changed at the Project inception stage.

2009, which is disappointing given that the second Call for Proposals was quite different from the first. However, the GBSP manual has gone through several versions, so it is presumed that an informal analysis of what had worked and what hadn't during the first 12 months of the GBSP had taken place within the PIU team.

135. Overall then, lesson learning appears to be rather casual and has not been specifically documented and is disappointing given the innovative nature of the COAST Project, especially the GBSP element, and the interest there is within UNDP-GEF in this project. The MTE strongly recommends that the Project institute a formal lesson learning exercise. This should take place as part of an annual Project Retreat, something the Project has never held. The retreat should include all of the PIU staff, secondees, UNDP CO staff, representatives of the key stakeholders (in particular the CDAs, and the participating banks), and be held over two days, with the first day focused on assessment of the previous year's results, review of project progress and lesson learning (the conclusions of which could be used to develop the PIR), and the second day spent on strategic planning, and identifying and agreeing priorities and activities for the next year (which would form the basis for developing the AWP). The Project should employ an external facilitator (non-PIU) to lead the retreat. This idea was discussed by the MTET with several members of the Project team (PIU and secondees) and was widely welcomed as it would help members gain a better appreciation of areas of the Project they are not directly involved with and offers a good opportunity for team building.

<i>Recommendations/tasks</i>	<i>Responsibility</i>	<i>Time frame</i>	<i>Deliverables/evidence</i>
1. Establish monthly Project progress reporting system, including a brief financial report, discussion of risks and any problems which have arisen in the previous month, and plan for the next month's activities.	PIU, UNDP CO	By end June 2010	Brief monthly progress reports.
2. Ensure all meetings at which the individual GBSP proposals are discussed and approved are minuted so it is clear how decisions have been made	PIU, CDAs, GBSP Committee	At first meeting to decide which of second Call proposals will be approved	Minutes of meetings, attached to each PIU quarterly report to UNDP CO
3. Ensure that the whole of the GBSP application and selection process, is properly documented including a more detailed explanation of how co-financing was calculated for individual projects to be given in quarterly reports.	PIU and secondees	To be included in next PIU quarterly report to UNDP CO	Revised structure for PIU quarterly reports with a specific and more detailed section related to the GBSP
4. Carry out a separate risk identification and mitigation analysis for the GBSP and improve risk analysis of individual GBSP projects	PIU, UNDP CO	By end June 2010, for presentation at next PSC meeting	A short report 'Risk Analysis and Mitigation of the GBSP'. More detailed risk analysis and mitigation measures sections of GBSP projects
5. Update the Atlas risk matrix with the additional project risks identified by the MTE	UNDP CO and PIU	By end May 2010	Updated list of risks and ratings in Atlas and reported in PIR for 2010
6. Revise the AWP for 2010-2011 so that activities are placed under their relevant Outputs and no activities are repeated between Outputs or Outcomes.	PIU, UNDP CO, PSC	By end June 2010, for presentation and approval at 2010 PSC meeting	Revised AWP for 2010-2011 and 2011-2012 and 2012-13 following new format
7. Establish a formal, structured lesson learning exercise, to take place as part of an annual Project retreat	PIU, secondees, UNDP, CDAs	Annually, first retreat with lesson learning in September	Report of annual retreat. Project 'lessons learned' document.

		2010 after PSC and summer break	
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4.5 PROJECT COMMUNICATION

136. Judging from MTET interviews, there is insufficient communication of the Project's central message and dissemination Project results, and the project is not well understood at the national level. Awareness at County level is better, but the state of awareness of the Project at the municipal level is unclear (except in one or two instances, e.g. on the island of Vis). Few interviewees really seem to comprehend the idea of 'green business' or potential benefits it could bring for both biodiversity and the rural economy in Dalmatia. Interviewees were asked how they would define 'success' for the COAST Project, and disappointingly, not one person outside of SINP (including the Project staff and secondees) gave their first measure of success as improvement of the biodiversity situation in Dalmatia, so it appears that the Project's primary message – to improve biodiversity through promoting more environmentally sustainable business practices in key productive sectors - is not getting through. The MTE believes this can be largely attributed to a poor project communications strategy and limited activities in this area to date but also because of the complex and confused project structure and the lack of a DPM based in Zagreb⁵⁹. The Project generally needs greater 'branding' and promotion at all levels, and key ministries particularly need to be kept informed and copied in more to correspondence by the PIU⁶⁰. The Project needs to invest some resources in arranging visits for key stakeholders and the media to sites where Project activities are taking place (and perhaps have a PSC meeting down in Split), providing the opportunity to interview individual GBSP recipients. Given that 2010 is the 'Year of Biodiversity' and so greater media interest on the environment than usual, the COAST Project should be promoting its aims and success in the media more (e.g. develop a 'press pack')⁶¹.

137. Awareness of the GBSP is also rather mixed. While GBSP interviewees stated that there was wide awareness of the Programme, contacts made by the National Consultant through her network in the agricultural sector in Dalmatia (groups who would be expected to be informed) had heard nothing or little of the GBSP. It is suggested that potential clients for the PGL scheme should be compiled (one for each county) through working with the CDAs, followed by phone calls to gauge interest, and then meetings with potential clients with the Project at which they are offered the opportunity to meet and network with established GBSP projects.

138. The Project is apparently planning a significant number of educational activities targeted at the school level in 2010. While laudable, the MTE believes that this programme should not be developed as it does not focus on promoting 'green business' to the main stakeholder groups (decision-makers and businesses in the agricultural, fisheries/mariculture and tourism sectors) and the Project has limited resources.

4.5.1 Communication Work Plan

139. The Project has a Communications Work Plan (CWP) which is written in English. It is undated but PIU staff stated that it was developed in 2007 by the Project Assistant at the time in charge of project communications (although there was some confusion on this as one interviewee stated it was written by the DPM in Zagreb). It is intended as a complementary document to the Project's Stakeholder Participation Plan (from the Project Document), and is 'built upon (the) main strategic ideas of the Project Document and communication framework highlighted in the Participation Plan'. It deals with: dissemination of the main project ideas (highlighting how project information should be disseminated); technical services (describing some of the main education/capacity

⁵⁹ The focal points are intended as entry points for the Project into each national partner but it is not clear how effective these have been and this approach needs to be reviewed.

⁶⁰ The PIU commented that 'COAST project has as well a strong cultural dimension which is often overlooked. It takes time to develop the GBSP, institutional capacity and individual projects to a stage where they can demonstrate an effect. It is particularly hard to expect business operators to be concerned with BD issues unless it brings obvious additional profitability. All this takes years and is additionally hampered by the present economic situation'. The MTET recognizes that altering attitudes and behaviours towards the environment (e.g. changing attitude of banks towards financing BDFBs), requires time (usually longer than a GEF Project), but to be successful mainstreaming requires a focused approach and specific techniques and the COAST needs to develop these.

⁶¹ It should be noted that the UNDP CO analyses media coverage of UNDP projects to derive 'Advertising Value Equivalent' (AVE) values. According to the UNDP CO staff, the AVE for the COAST Project is a reasonable figure, but this figure gives no indication of audiences or understanding of press coverage and in the MTET's opinion is not terribly useful.

building tools that could be used within the project and how they should be communicated to the general public); awareness raising; communication/promotional materials; and media. The copy reviewed by the MTET also had a plan of activities covering the period November 2007-December 2009, and has not been updated since first developed. The CWP states that it is a general framework and that 'details will be specified mostly through regular annual and operational workplans' although these do not seem to have been developed (or if they have been they are not being properly documented).

140. Overall, the CWP is a poor and confusing document that essentially sets out a large list of tools and approaches that could be used by the Project (a kind of 'communication cookbook'), some of which are not appropriate to the focal activities of the Project. For instance, there is a heavy emphasis on working with educational establishments, including environmental programmes in schools (elementary/secondary), research scholarships, collaboration with higher education programmes on content for courses (undergraduate and postgraduate), and support for the development of an International Education Centre on Vis (Vision21). Curiously, there is also a mention of collaboration with the French car manufacturer Renault on a 'green schools' initiative (the CWP discusses a COAST/Renault award of the year for the best 'green school') but no relationship has ever been developed between the COAST Project and Renault. Disappointingly, there is very little focus within the CWP on promoting 'green business' practices to the business community, nor any specific analysis and recommendations on how best to communicate the Project's messages to the agricultural, fisheries/mariculture and tourism sector stakeholders, or to convince the banking sector to finance BDFBs or what approaches the Project should adopt to lobby national institutions to ensure effective mainstreaming of Project results, which are the Project's focal areas. Also, strangely for a communications plan, there is very little detail on how best to engage the press, e.g. no suggestion to develop a Project 'press pack'.

141. The CWP clearly needs to be completely rewritten and updated. There are some good ideas in the CWP, such as the suggestion to create an annual award or certificate for the best BDFB in the project area, nominating famous individuals as 'ambassadors' for the COAST Project, and a consumer awareness campaign to educate consumers in Croatia why they should buy biodiversity friendly products with efforts to persuade the big supermarkets chains to establish a 'green corner' as occurs in many other European countries. However, what is needed is a clear Project Communication and Results Dissemination Strategy and Plan (CRDSP) that sets out what the Project needs to communicate and disseminate (concepts, ideas, key messages, priorities and results) and why, who the targets are for communication and dissemination activities, and how the specific Project ideas, results and information will be communicated to the target audiences, stakeholders and sectors, with an implementation plan that sets out specific activities, deliverables, targets and milestones set within a clear timetable that relates communication and dissemination activities to other Project activities (linked to the AWP), and identifies responsibilities and the resources needed (financial, technical, human).

142. It is important that the CRDSP should contain the main approaches, methods and tools to be used to achieve effective mainstreaming of COAST Project results into relevant policy, legislation, planning and programmes (based on a review of established best practice for mainstreaming), with a clear set of mainstreaming activities and targets.

4.5.2 Project website

143. The Project's website (<http://www.undp.hr/show.jsp?page=57734>) was reviewed by the MTET at the end of 2009 but has been updated recently. It is simple and 'clean' and has many of the Project's documents available for download. Interviewees mostly expressed the opinion that it is functional but 'nothing special' (it doesn't stand out) and it is clear it needs to be made more attractive if it is to be effective as a tool to promote the COAST Project (and perhaps supplement the Project's capacity building activities by providing GBSP-relevant training materials and tools online) and probably needs an external internet company to revise the design. Some of the GBSP participants interviewed had not seen the website and didn't automatically think to visit it for information. It was not clear whether this was because internet connections in rural areas are less developed, people do not routinely use the internet in Dalmatia, or whether they were simply not aware of the Project's website. If the latter, as well as redesign, the website needs to be better promoted (perhaps by sending out a card with its address on to all community groups in the Project area).

4.5.3 Roles and responsibilities for Project communications

144. At present, project communication activities are shared between various members of the PIU with advice on national media events and tracking of national coverage of the press provided through the UNDP CO. Initially, the two Deputy Project Managers (DPM) had special responsibility for ensuring effective communication and exchange of information with key partners and stakeholders. Unfortunately, the DPM in Zagreb left the Project after a year and the lack of a permanent COAST Project presence in Zagreb since has led to reduced communications with national-level stakeholders, some of whom complained to the MTET that they were not kept sufficiently informed of Project progress and events. The remaining DPM, based in Split, already has an enormous remit and workload, and although he is supported by other staff on communication issues, particularly the PIU Biologist, there is clearly insufficient capacity within the PIU to deal with even the existing Project communication and dissemination demands. Indeed, such activities are likely to increase substantially in the next three years as the Project delivers more results and intensifies its lobbying and mainstreaming efforts, particularly at the national level. Consequently, as recommended above, there is a clear need for the PIU to employ an additional member of staff to lead a refocused Project communication and dissemination programme at local, county and national levels and the MTET recommends that the Project contracts someone as soon as possible⁶².

145. Interestingly, the CWP suggests that the Project should contract a 'visual communications designer' to be responsible for 'developing promotional materials (in collaboration with the PIU)' and to 'participate as an advisor in other communication activities'. The designer was to be considered as part of the CTE team and to participate in some CTE meetings to 'better grasp the particular idea and/or message that needs to be presented'. The CWP also suggests employing a 'media expert/facilitator/PR' consultant to help develop contacts with the media and advising on how to develop good media events. Apparently, the Project has recently contracted a consultant graphic designer for development of promotional materials, but it is not clear whether a media consultant has ever been employed - it is not reported in the annual PIRs, and, according to the AWP, Project dissemination activities (under Output 4.3), were not contracted out but carried out by the PIU (in 2008-2009) or responsibility for this activity was not defined at all (in 2009-2010).

<i>Recommendations/tasks</i>	<i>Responsibility</i>	<i>Time frame</i>	<i>Deliverables</i>
1. Develop new COAST Project Communication and Results Dissemination Strategy and Plan (CRDSP)	PIU (first priority for the new Communications and Public Relations Officer), UNDP CO (communications team)	Within 6 weeks of appointment of Communications and Public Relations Officer	CRDSP document
2. Contract external web design company to review and redesign Project website to make it more attractive and useful for promoting Project results, with promotion of the new site to the Project's stakeholders	PIU and UNDP CO for TOR and contracting, external web design company	By end 2010	Redesigned website, campaign to promote existence and function of new site to stakeholders

4.6 PROJECT PARTNERSHIPS AND LINKAGES WITH OTHER INTERVENTIONS WITHIN THE SECTOR

⁶² The MTE understands that consideration is already being given to such a position. However, in addition to media skills, s/he will need to demonstrate successful experience in branding, marketing and lobbying, in order to play a leading role in helping to mainstream Project results, as essentially the Project is attempting to 'sell' the idea of green business to still skeptical government and private sector institutions, such as banks and economic and finance ministries. The Project should not simply employ a journalist as s/he will not have the required experience, skills or (likely) contacts.

4.6.1 *Project partnerships*

146. Continual partnership building is viewed as a key strategy to achieving Project objectives. The Project has invested significant time and effort in partnerships, and has been generally successful with this and should be congratulated. Strong partnerships were built during the PDF-B phase, which have continued. Unfortunately, there was a significant delay (almost 2 years) between the end of the PDF-B stage (summer 2005) and the beginning of implementation of activities of the COAST Project (date of first disbursement 1 March 2007), largely due to changes within GEF. As a result, some interviewees stated that some momentum and goodwill had been lost, as activities and results were not delivered quickly after an intensive PDF-B stage. In addition, many stakeholders had high expectations for the Full Project from their involvement during the PDF-B phase and some interviewees complained that these had not been met (at least not yet).

147. Unfortunately, informal ‘understandings’ over implementation arrangements for the Full Project made during the PDF-B phase, particularly who would implement which set of activities and who would receive funding, appear not to have been met in some cases and have had a negative impact on the perception of the COAST Project. The most serious case that was reported to the MTE relates to ‘promises’ made to the PIMPA for Split-Dalmatia County (PIMPA-Split-Dalmatia, based in Split) during the PDF-B phase. During the MTE interview PIMPA Split-Dalmatia stated that they understood that they would carry out inventories and other work for the Project within the County, including much of the planned survey activities on the island of Vis, in return for substantial County co-financing. However, this did not occur. The MTET heard different reasons for this from different sources and the situation is clearly confused. Whatever the reasons, this has led to much bad feeling from the PIMPA towards the PIU. Regrettably, the PIMPA-Split-Dalmatia has not been included in supervising the work of the groups who were awarded the contracts by the COAST Project, which is apparently a requirement under state legislation⁶³. As a result, the PIMPA-Split-Dalmatia made a formal complaint to the Ministry of Culture in January 2010 and has requested an investigation of the results of the COAST-funded inventory and other work within the County, although MTE interviews revealed there is confusion over this issue too. Unfortunately, there has been limited contact between the PIU team and the PIMPA even though they are both in the same city (less than a mile apart), which has only made the situation worse. Trust has been damaged and the PIMPA was to have provided substantial co-financing to the COAST project, which has presumably also been lost⁶⁴. The MTET considers this a potentially serious situation that could inflict serious damage on the reputation and working relationships of the COAST Project within the county of Split-Dalmatia and beyond in the future and recommends that this be addressed urgently. In addition, the Split-Dalmatia PIMPA is the largest of the four PIMPAs in Dalmatia and has more technical experts than the others, and it could play an important role when the GBSP is transferred to the CDAs and banks at the end of the Project as the institution charged with assessing the biodiversity value of future GBSP proposals, although this is only likely to happen if it is involved in the rest of project implementation in a meaningful way.

148. There is also a need to improve the Project’s relationship with the Environmental Protection and Energy Efficiency Fund (EPEEF). Given that the EPEEF is the single largest (non in-kind) co-financer for the COAST Project it needs to be kept regularly informed of Project developments (again, better reporting is needed) and it should sit as an observer on the GBSP selection committee. It is also recommended that, as with the other key stakeholders, a visit is organized for EPEEF staff to show them what the Project has been doing in Dalmatia.

4.6.2 *Linkage with other interventions in the sector*

149. Both the Project Document and the Inception Report recommend that the Project team should take advantage of the experience and lessons learned from other relevant projects in Croatia and other countries, particularly with regard to project implementation strategy, communication with stakeholders, small grants scheme, bottlenecks and mistakes made. Specific projects mentioned in the Inception Report include: the World Bank-GEF Karst Ecosystem Conservation Project (now completed but a follow-up project is being planned), the UNEP-GEF Strategic Partnership for the Mediterranean Large Marine Ecosystems Project (objectives are to foster the

⁶³ The PIU commented that ‘This is partly true because this requirement was introduced when more than 90% of the field activities were completed’, although this needs to be verified as the MTET was shown a document (in Croatian) in the Split-Dalmatia PIMPA office that suggests this may not have been the case.

⁶⁴ The PIU points out that the ‘Split-Dalmatia County gave the COAST project US\$50,000 for BD inventory work along Cetina river’. However, it is unclear whether this went through the PIMPA, which is established and financed by the County.

implementation of the two Strategic Action Programmes (SAP MED and SAP BIO) and to prepare the ground for the future implementation of the ICZM Protocol, both of which are relevant to the COAST Project given the location of the Project area), and the WWF 2012 Protected Areas Program for the Dinaric Arc Ecoregion⁶⁵ (focus includes initiating activities to bring biodiversity higher on the political agenda and mainstreaming biodiversity into member country's strategies and plans). MTE interviews revealed that there has been relatively little linkage with any of these projects (although the COAST Project has drawn on their experiences from these projects, e.g. the WB-GEF project's experience with small grants programme), in part because the COAST Project has been largely focusing on activities within Dalmatia, but probably also because the PIU office is in Split and PIU staff have heavy workloads and other priorities. However, the MTE recommends that the UNDP CO and Project team looks again at possible linkages, as more emphasis will be placed on mainstreaming results (Outcome 4) in the second half of implementation and better partnerships with these actors may help achieve this more effectively. Apart from sharing experiences and lessons learned, the Project should also investigate opportunities for cost sharing for common activities.

4.6.3 GBSP partnerships and network

150. At present, the GBSP projects that have been approved and contracted are essentially isolated from one another and MTE interviews revealed that few had had any contact with other GBSPs. There are obvious advantages to networking the GBSPs, such as sharing experience on SME management, improving access to specific markets and perhaps cost sharing on distribution costs. It is therefore recommended that a GBSP network is formerly established linking all existing GBSP together with their own newsletter and email list, and contacts established between similar GBSP projects in Dalmatia, e.g. shellfish farmers, organic wine producers. It is also recommended that a meeting of all GBSP members within a county is held annually.

151. Overall, establishment of partnerships by the Project is rated as *Satisfactory*, although, as pointed out earlier, the governmental institutions at the national level have not been as involved as much as they should or could have been (due to lack of Zagreb-based DPM and preoccupation of government departments with the EU Accession process) and consequently involvement and support of governmental institutions is ranked as *Marginally Satisfactory*.

<i>Recommendations/tasks</i>	<i>Responsibility</i>	<i>Time frame</i>	<i>Deliverables</i>
1. Arrange meeting with PIMPA Split-Dalmatia, at PIMPA office in Split to find resolution to PIMPA complaint to Government over the COAST Project, develop better relationships and identify potential joint activities	Senior PIU staff with senior UNDP CO acting as mediator, also attended by Ministry of Culture representative	By end April 2010	Agreed minutes from meeting between PIMPA and PIU and UNDP CO confirming situation of PIMPA complaint over COAST Project activities (documented in Project reports) and detailing potential joint activities
2. Copy suggested monthly Project reports to EPEEF and invite them to sit on the GBSP Selection Committee as an observer	PIU, UNDP CO, EPEEF, GBSP Selection Committee	By end May 2010	Emails confirming receipt of project progress reports and minutes of GBSP meetings confirming attendance
3. Review and establish linkages with other relevant interventions in agriculture, fisheries/mariculture, tourism and biodiversity conservation sectors for more collaboration and cooperation and to share experience, lesson learning and examine opportunities for joint activities and cost sharing	PIU, UNDP CO	By end September 2010	A report on potential linkages (include analysis of type, and approaches, resource needs, and responsibilities to establish these) with other actors, programmes, or projects in the key sectors
4. Establish a 'GBSP network' linking all existing GBSP together with their own	Secondees, GBSP	Network established	Email list, GBSP network newsletter produced quarterly,

⁶⁵ The UNDP Croatia currently provides office space and logistical support to the WWF project, with the WWF Officer sitting in the office next to the COAST team.

newsletter, email list and host an annual meeting of all GBSP members within a county	beneficiaries, PIU,	by end 2010, and first annual meeting of GBSP in spring 2011	annual meeting of all GBSP members in a county (documented in Project reports)
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4.7 INPUT BY UNDP (CO, REGIONALLY AND GLOBALLY)

4.7.1 Project supervision and technical support by UNDP CO, UNDP Bratislava and UNDP global

152. The UNDP CO has provided substantial project management support to the PIU, including project evaluation, reporting and results-based project monitoring, financial management and overseeing of expenditures to ensure proper use of GEF resources. The UNDP CO has provided support in efficiently disbursing the project resources, as well as in the selection and recruitment of experts, consultants and national counterpart staff members (including help preparing TORs and sitting as a member of the evaluation panel) and in the definition of tasks and responsibilities, following UNDP rules and procedures.

153. The Programme Officer and the Programme Associate from the UNDP CO are the two members of staff most involved with the COAST Project. The Programme Associate deals with most of the day-to-day management input, while the Programme Officer approves budget requests, signs off on reports and has overall responsibility within UNDP CO for the Project. They have also participated in various meetings of the Project's technical working groups, attended Project presentations and workshops in Dalmatia, including the workshops connected with the development of the key action plans (sustainable tourism plan for Vis island, eco-agriculture plan for Dalmatia, sustainable fisheries and zoning on Vis) and a bioeconomics and landscape planning workshop in Zagreb, as well as attending PSC meetings and have taken part in interview panels for Project staff (both in Zagreb and Split), and attended other relevant COAST Project events. In the period between the Inception Workshop and the MTE, UNDP Zagreb Country Office staff monitored the COAST Project through 6 supervisory field visits (the Programme Associate made 3 field visits on 20-22 October 2008 (Split), 6-10 May 2009 (Split, Zadar and Šibenik), and 29 October – 1 November 2009 (Split), and the Programme Officer – three visits in November 2007, 11-13 February 2009, 23 March 2009 (Split) [Sandra – these seem to be the only dates you sent me – were there more supervisory visits?]. Both the UNDP CO Programme Officer and the Programme Associate have also taken part in project supervisory missions by UNDP Bratislava and missions by the UNDP LNRE when he visited Croatia (see below) and have promoted the COAST project more broadly and build potential linkages at international meetings, e.g. the Dinaric Arc meeting held on 4-6 December, 2007). In addition, several (4-5) coordination or inception meetings with experts and contractors were also held at the UNDP Zagreb office, in which the Programme Officer participated closely. Overall, involvement of UNDP CO Programme Officer and Programme Associate has been good and their monitoring of the COAST Project has been **Satisfactory**.

154. As mentioned earlier, there is almost daily communication between the UNDP CO Programme Associate and the PIU (largely with the NPM), through email or by telephone, and the UNDP Programme Associate meets with the NPM on most occasions when he visits Zagreb when they discuss project implementation and planning. The communications department of the UNDP CO has also provided some support, particularly webpage building and maintenance and help with dealing on media events. However, the MTET feels that the PIU would benefit from more input from the UNDP CO communications team.

155. Management input by the UNDP-GEF office in Bratislava has been generally good and timely (although see point above about input on review of logframe and indicators during inception period). The UNDP-GEF Regional Technical Advisor (there have been two between the Inception Workshop and the MTE – Adriana Dinu and Maxim Vergeichik), has made an annual project supervisory visit to Croatia (Adriana Dinu on 7-11 May 2007, and 11-17 February 2009, and Maxim Vergeichik on 5-7 May 2009). The UNDP-GEF LNRE (the UNDP-GEF global specialist on biodiversity economics) has made several visits over recent years including a technical support trip in November 2007 to help design the Project's the financial mechanisms (with the team he reviewed the

financial incentive options and developed a programmatic vision for the delivery of support to green SMEs in the form of a virtual Biodiversity Business Facility (now called the GBSP)), and a supervisory visit from 4-8 May 2009, and reviewed and revised earlier editions of the GBSP Implementation Manual and shared lessons on other UNDP-GEF 'green business' projects with the team. The UNDP-GEF LNRE continues to provide support as needed (and expects to until the end of UNDP involvement).

156. The UNDP CO employed the PDF-B manager for two months during the inception phase to help 'interpret' the Project Document. This undoubtedly helped at the beginning as most members of the COAST team had not been involved in any significant way with PDF-B stage activities and this approach should be recommended as standard practice for other UNDP-GEF projects.

4.7.2 Project reporting by UNDP

157. Project supervisory missions by UNDP CO staff are not reported in any detail as there is no requirement to write Back-to-the-Office reports (BTOR) after field visits, although a very short description of each mission is given on the F10 travel/expenses claim form that the UNDP CO staff complete after a field trip. This has to be approved by a line manager and so provides some limited feedback. From GEF's point of view it would be more useful if UNDP COs required staff to write short (up to a page) BTORs as supervisory missions often result in important decisions being made and changes in implementation activities and it is important that these are properly documented and it is recommended that these are introduced.

158. Both the UNDP-GEF Regional Technical Advisor (RTA) and the UNDP-GEF LNRE produce 1-page BTOR following a standard format that includes a brief summary of mission findings and recommendations/actions to be taken and by whom. Those reviewed by the MTET were succinct but very informative, although it is unclear what the Project's management response to these BTORs has been as it is not directly reported on in Project documents and the MTE found that the UNDP-GEF LNRE has not been kept informed to what extent his recommendations had been followed up (the MTET suggests that he is sent copies of all Project reports and communications materials).

159. The UNDP PIR form for 2009 is now in Excel format (previous versions in Word). This is not very user-friendly and extracting and printing information is not easy (it causes the programme to crash when one tries to print out a sheet in Word format). The MTE suspects that the new form is more for the benefit of UNDP HQ than the UNDP COs or UNDP-GEF projects and returning to the previous Word format should be reconsidered.

4.7.3 Soft assistance provided by UNDP

160. UNDP 'soft assistance'⁶⁶ in support of the COAST Project, while difficult to quantify, appears to have been adequate up to the MTE, although climate change and energy efficiency have higher profiles and staff investment than biodiversity within the UNDP CO environment portfolio. The UNDP CO has very good working relationships with the main national partners, has discussed the Project with key parties, and facilitated high-level (State Secretary) cross-ministerial communication on project issues. In addition, both the Resident Representative (RR) and Deputy Resident Representative (DRR) have undertaken field visits to Dalmatia in connection with supervision or support of the COAST Project. The RR attended the signing of the GBSP agreement with the County Administration and County Development Agency of Šibenik County (3 November 2008) and the 'Green Banking' seminar held in Zagreb on 25 November 2009. The DRR attended the Inception Workshop on 9 May 2007, a workshop on eco-agriculture on 21 October 2008, and signing of the GBSP agreements with the County Administrations and County Development Agencies for Split-Dalmatia County (18 November 2008), Zadar County (20 November 2008) and Dubrovnik-Neretva County (2 December 2008). Despite this support, the MTET feels that the Project will need an increased input from high-level UNDP managers if it is to achieve its mainstreaming goals at national level (Outcome 4) and deliver the Project results by late 2013. This is viewed as especially important given the almost certain closure of the UNDP Croatia office in 2012.

⁶⁶ Defined by the UNDP's *Handbook on Monitoring and Evaluation for Results* as 'Advocacy, policy advice/dialogue, and facilitation/brokerage of information, partnerships or political compromise.'

4.7.4 Other issues related to support by UNDP

161. The MTET received some complaints about ‘UNDP bureaucracy’, particularly relating to inflexible rules and procedures and the length of time it sometimes takes UNDP to process requests, e.g. hiring of consultants⁶⁷. New Human Resources and procurement policies and stricter procurement procedures, which require more input from CO staff and longer processing times, are partly to blame for the delays, although the Project team generally deals with the demands in a very professional manner. However, UNDP needs to be aware that its policies and procedures have the potential to negatively impact project performance and delivery and create frustration among project staff.

162. Overall, the input of the UNDP-CO in supporting the implementation of the COAST Project is rated as *Satisfactory*.

<i>Recommendations/tasks</i>	<i>Responsibility</i>	<i>Time frame</i>	<i>Deliverables/evidence</i>
1. Introduce standard BTOR form for UNDP Croatia CO staff to complete after each project supervisory mission, following the model used by the UNDP-GEF RTA, with copies of each completed form attached to the UNDP quarterly progress reports and reports to GEF	UNDP CO	Introduced after next UNDP CO supervisory mission	BTORs
2. Increase ‘soft assistance’ provided by UNDP CO to facilitate mainstreaming of Project results in decision-making processes at national level	RR and DRR and other UNDP CO staff	From MTE	Increased promotion of Project nationally, documented in UNDP and Project reports, and PSC meeting minutes

163. The overall assessment of the Project's **implementation approach**, including use of the logical framework as a management tool during implementation, adaptive management implemented by the Project, general operational relationships between the institutions, technical capabilities associated with the Project, risk identification and management, and input by the UNDP CO is rated as *Satisfactory*.

4.8 DISBURSEMENTS AND FINANCIAL MANAGEMENT

4.8.1 Disbursements

164. Total disbursement of GEF funds to the Project up until 31st December 2009 (latest figures available) amounted to US\$ 3,392,235, which represents 98.85% of the projected spending by this date (see Table 2). This includes spending across the Project's four Outcomes and also a fifth 'Outcome', labeled as 'Learning, evaluation and adaptive management increased' in Table 8 ('Total Budget and Workplan') of the Project Document.

165. If Project spending is taken as a crude measure of the progress of implementation, then the Project is currently progressing very well. However, this overall figure (98.85%) hides considerable variation in the spending between Outcomes. Outcomes 1 and especially 2 have overspent, whereas Outcomes 3 and 4 were under spent, especially Outcome 4 (Table 2).

Table 2: Total disbursement of funds by output to 31st December 2009 (US\$) (figures rounded)

⁶⁷ Delays over the time taken to process requests was cited by several interviewees, and it can be critical e.g. in the case of requests for consultants to carry out surveys of animals and plants during their breeding or flowering seasons which can be very short, and which won't wait for UNDP approval.

Outcome	Original total budget (from Pro Doc – A)	Planned budget up to end 2009 (B)	Total disbursement up to end 2009 (C)	% of planned budget to end of 2009 spent (C/B x 100)	% of original budget spent by end of 2009 (C/A x 100)
Outcome 1	3,319,500	1,897,258	1,997,565	105.29	60.18
Outcome 2	1,487,500	857,764	1,087,973	126.84	73.14
Outcome 3	1,079,300	304,857	181,767	59.62	16.84
Outcome 4	511,900	283,475	101,794	35.91	19.89
'Outcome 5'	589,800	88,221	23,136	26.23	3.92
Total	6,988,000	3,431,575	3,392,235	98.85	48.54

Source: PIU

166. The fifth Outcome is not discussed in the text of the Project Document as a separate Outcome, nor is it mentioned in the Inception Report or the PIRs for 2008 or 2009. Apparently the PIU considered this as 'project management costs', although the MTET was not informed as to what exactly these costs include, but it obviously does not include all project management, staff salaries, training, monitoring and evaluation costs, given the level of spending (only US\$ 23,136 up to end of 2009).

167. Spending between years also varied (Table 3), with Outcome 5 showing an enormous overspend in 2007 (4,702% of planned budget) but then an under spend in 2009 (7.13%), although this is probably a reflection of confusion over what should be included in this budget line (as mentioned activities under 'Outcome 5' are not detailed in the Project Document or any other document received by the MTE).

Table 3: Project spending according to year

Outcome	2007			2008			2009		
	Planned	Spent	%	Planned	Spent	%	Planned	Spent	%
1	455,947	534,503	117.23	1,011,311	1,005,694	99.44	430,000	457,368	106.36
2	35,125	35,089	99.90	462,639	489,255	105.7	360,000	563,629	156.56
3	34,566	34,291	99.21	40,291	44,610	110.7	230,000	102,866	44.72
4	28,099	28,099	100.00	55,376	54,531	98.47	200,000	19,164	9.58
5	43	2,032	4,702	13,477	15,781	117.0	74,700	5,323	7.13
Total	553,779	634,013	114.49	1,583,095	1,609,870	101.6	1,294,700	1,148,351	88.70

Source: PIU

168. GEF financing for the COAST Project totals US\$ 6,980,000. Co-financing is complex with many types and sources (Annex 10). The total committed co-financing at 31st December 2009 was US\$ 24,334,000, which is a very significant amount, and represents a GEF: co-financing ratio of 1:3.49, which is very good for a GEF project under GEF3. However, this figure includes a substantial amount of in-kind co-financing (amount not available for end of 2009 but it is given in the 2009 PIR as US\$ 6.38 million, versus US\$ 13.76 million for cash co-financing, giving a co-financing total at 30 June 2009 of US\$ 21.46 million, and GEF: cash co-financing ratio of 1:1.97, which is still very good). Overall, US\$ 13,830,000 or 57% of the co-financing had been disbursed up to 31st December 2009, and total Project funding – GEF and co-financing – amounted to US\$ 31,322,000.

169. It should be noted that HBOR (Croatian Bank for Reconstruction and Development) was originally to be the implementing partner for the Project's proposed partial guarantee mechanism for loans and would provide co-financing to the COAST Project. However, HBOR is no longer a major partner and the co-financing to be offered by HBOR was instead provided by the CDAs (see below). However, data provided to the MTE (Annex 10) showed US\$ 60,000 of co-financing from HBOR had been spent out of a total of US\$ 207,000, with the remainder (US\$ 147,000) still shown as co-financing. Given that HBOR is no longer significantly involved in the Project, the fate of this co-financing is unclear. Also, if, as recommended, project activities relating to forest conservation and water quality management are cut, it is not clear what will happen to the co-financing associated with these activities provided by Croatian Forests and Croatian Waters.

170. No financial audit of the Project has been undertaken, but the MTET understands that this may be carried out by a certified international accounting company as part of UNDP's external audit in the near future. UNDP CO staff also visit the PIU to make some financial checks once a year. According to the PIU, there has been no problem with disbursements, which are usually received on time from the UNDP CO and there is good communication between the Project's Administrative/Financial Assistant and the finance department at the UNDP CO. However, data handling is currently very slow and frustrating due to problems with the Assistant's computer, which should be replaced with a new and faster version.

4.8.2 Overall Project financial planning and management

171. The management procedures to procure Project assets and equipment and to recruit consultants have followed the existing UNDP rules and procedures under the NEX modality. Although the MTET is not tasked with undertaking a financial audit of the Project, MTE interviews suggest that project transactions have been promptly recorded and properly classified, and show good internal controls mechanisms to manage and control project financial resources.

4.8.3 GBSP financial instrument and its management

i. Structure and operation of GBSP financial instrument

172. At the PDF-B stage, HBOR⁶⁸ and HAMAG⁶⁹ were considered as the main partners for the future financial scheme for the GBSP. However, HBOR and HAMAG are located in Zagreb, without a major physical presence in Dalmatia (HBOR has one office in Split, Dalmatia with just few employees). In addition, although both HBOR and HAMAG programmes do cover GBSP priority sectors, some organizations, such as NGOs and public institutions oriented to biodiversity conservation, are not eligible for support and HBOR and HAMAG don't have specialized programmes targeted at BDFBs. Furthermore, three of the four counties in the Project areas (Zadar, Šibenik-Knin, and Split-Dalmatia) have developed schemes for financing development in the agriculture and other productive sectors, which include commercial banks as partners. For instance, Šibenik-Knin County has a 'Regional Guarantee Instruments' programme that is available to SMEs, cooperatives, and other institutions that wish to invest within the county. Financial support is in the form of partial guarantees (50-70% of the loan amount) and a loan from Jadranska Bank up to 200,000 Croatian Kuna. Consequently, early in implementation it was decided to switch from HBOR and HAMAG and instead partner the GBSP with the four county administrations, their CDAs and local commercial banks in Dalmatia as these represented more logical partners.

173. As a result of the global financial crisis, banks in Croatia have become much more restrictive in offering credits and interest rates were raised. As a result, the original idea of the PCRG as the main project financial instrument was considered to be much less attractive to the business operators and was therefore modified (see section 4.4.2).

174. UNDP Croatia signed agreements with all four county administrations⁷⁰ to establish the GBSP PGL scheme in late 2008. At the MTE, two counties (Šibenik-Knin and Dubrovnik-Neretva) had provided their funds but Zadar and Split-Dalmatia counties had not, although the MTET understood that there were no remaining major obstacles to this and the funds were to be placed in the accounts within weeks. In Šibenik-Knin County, the GBSP was merged with an already established local fund (the 'Regional Guarantee Instruments' programme), but disbursement of the GBSP part of this partial guarantee fund (US\$ 200,000) has been tracked separately from the rest of the fund. As part of the financial arrangements, the county administrations have also signed contracts with a commercial bank⁷¹ and their CDAs⁷² on cooperation on implementation of the 'Green Business Credit Guarantee

⁶⁸ HBOR's main task is to promote development of the Croatian economy through offering loans, insuring export transactions against political and commercial risks, issuing guarantees and providing business advice.

⁶⁹ HAMAG (Croatian agency for small business), established in 2002, is the key national agency which supports SMEs, which it does through different programmes and approaches, such as issuing partial guarantees, offering subsidies (on behalf of the Ministry of Economy), and building capacity of consultants for specialized support of SMEs.

⁷⁰ 'Contract regarding the grant for establishment of partial guarantee fund'

⁷¹ 'A Contract on business cooperation for the realization of a "Green Business Credit Guarantee Fund" Programme'

⁷² 'On the cooperation in the implementation of the "Green Business Credit Guarantee Fund"'

Fund'. According to the contract, the CDAs will implement the program on behalf of the County, although the bank makes the final decision on credit (approval or refusal).

175. Under the various agreements, the CDA will establish a GBSP 'Commission for approval of partial guarantees'. Negotiations at the time of the MTE suggested that members of the Commission will comprise two representatives of the County, one representative from CDA and two from the PIU office in Split. The MTE strongly recommends that at least one representative from the County and one from the PIU is a trained economist or SME expert. Issued partial guarantees are a permanent risk for the value of the PGL scheme, so it is crucial for all parties (UNDP, CDA, County, banks) that decisions about which projects will be offered these are made by individuals with the correct technical background and experience. It is also recommended that a representative from the participating bank (currently either Splitska Bank or Jadranska Bank) sit on the Commission as well. At present, the CDA is expected to create an additional commission termed the 'Supervisory Commission', whose role will be to monitor spending of the credit line and check if the implementation of approved projects is in the line with their business plans. Proposed members of this commission are the CDA secondee, COAST Project Associate (Economist) and a third person whose professional profile has yet to be decided. The MTE does not see the need for this second commission, as both the secondees and COAST Project Associate (Economist) are undertaking the same activities as part of the daily work, and the MTE recommends that this commission is not established as it is likely to just introduce more unnecessary bureaucracy and further slow down implementation of the GBSP⁷³.

ii. Disbursement of GBSP funds

176. Analysis of the GBSP projects approved and contracted up to the MTE point shows that almost 78% of the allocated fund for grants has been spent, but only 8% of the allocated funds for technical assistance, and a mere 5% of the PGL scheme has been used (Table 4). The high spending on grants reflects the fact that almost all of the applications for the first Call for Proposals were for grants.

Table 4: Financial analysis of approved GBSP projects up to the MTE

County	Grants (US\$)	Technical Assistance (US\$)	Partial Guarantee (US\$)	Total value of projects
Zadar	108,000	35,920	0	1,076,000
Šibenik-Knin	102,000	29,660	40,000	1,424,000
Split-Dalmatia	108,000	12,000	0	682,000
Dubrovnik-Neretva	148,000	32,000	0	3,528,000
Total spent	466,000	109,580	40,000	6,710,400
				Total
GBSP Budget	600,000	1,400,000	800,000	2,800,000
% GBSP Budget spent	77.7%	7.8%	5.0%	

Source: PIU

177. This apparent lack of interest in loans, was attributed by some interviewees to a social attitude of a population used to receiving grants and other government support (and viewing grants as essentially 'free money') and the perception of the COAST project and UNDP/GEF as a donor agency that will be easier to deal with than banks, which are considered difficult and ruthless. Another probable reason is the structuring of the financial assistance offered by the GBSP. Although attractive when the scheme was first designed, there are a number of other existing sources of finance for SMEs in Croatia available to applicants that are more competitive, quicker to access and (some) have less demanding in terms of documentation and reporting. For instance, the MAFRD offers financial incentives for organic production (although these are 40% less in 2010 due to the government's financial situation). Also, farmers can apply for pre-accession IPARD funding (investments of US\$ 20,000 to US\$ 4.3 million, and 50% of the funding is refundable). Entrepreneurs can also apply for loans from numerous

⁷³ Potential applicants to the PGL scheme are likely to be SMEs interested in quick development of their businesses, so rapid access to financing is important, especially as local and global economic and financial circumstances are unpredictable and can change quickly. As mentioned above, the very slow application and evaluation process that has marked the GBSP to date has damaged the reputation of the GBSP in the local business community to some extent, so additional delays produced by new bureaucratic processes should be avoided.

programmes operated by HBOR, with an interest rate of 4% and a repayment period 12 years (with 2 years grace period included). HBOR also accepts partial guarantees from HAMAG, which can cover 50-80% of the loan. Businesses in the tourism sector can apply for loans through schemes supported by the Ministry of Tourism, with a subsidized interest rate (just 2%) available through 15 commercial banks, loans up to US\$ 430,000 and a repayment period of 15 years (1 year grace period). The Ministry of Economy, Labor and Entrepreneurship also published a Call for Proposals aimed at encouraging development of SMEs in early 2010, with a total fund of US\$ 65.2 million. Compared to these arrangements and volumes of funding, the Project's PGL scheme looks unattractive (minimum credit US\$ 8,000, maximum US\$ 50,000, maximum 7-year period of repayment with a 2-year grace period, at an interest rate of 3 months EURIBOR + 5% per year and variable and an application fee of 0.7%). The low uptake of the PGL scheme probably also reflects the fact that it has been established in only two of the four counties (at the MTE point). If the PGL facility is not used sufficiently in the next two years the county administrations and CDAs have the right to ask UNDP to reallocate the funding to grants or technical assistance and the PIU should prepare for this (it would be useful to know what the likely demand for grants will be in the four counties for each specific sector in case the PGF is not fully spent).

178. All GBSP beneficiaries who have already received GBSP grants are potentially eligible for the PGF scheme but many of those interviewed by the MTE were not fully aware of the arrangements and eligibility requirements. The PIU should ensure that all the GBSP projects are fully informed of the potential for applying for these funds as a follow-up, and it is recommended that the PIU explore such opportunities directly with existing GBSP projects. If not financial, then support could be provided in form of technical assistance e.g. market research, branding, sales, and analysis of distribution channels. However, given the low interest in technical assistance, consideration should be given to reallocating a significant part of the technical assistance budget (up to US\$ 500,000) to either grants or the partial guarantee and loan scheme or used to provide technical assistance in the form of training to institutions such as the Agricultural Extension Institute and Tourist Boards to build capacity in green business development (both bodies have large networks in Dalmatia).

iii. Co-financing of GBSP projects

179. The PIR2009 states that the total volume of investments for the initial 38 selected projects amounts to US\$ 4,700,000, with a GBSP contribution of US\$ 600,000, thus giving a GEF:co-financing ratio of almost 1:8. At the MTE this has risen to US\$ 6,710,400 (Table 7) which gives an apparent GEF: co-financing ratio of over 1:11, which is very significant for a GEF project. However, it should be noted that almost all of the co-financing is 'in-kind' rather than cash co-financing, and this includes 10 projects that have yet to sign GBSP contracts (still in the pipeline).

180. In addition, the MTE believes that the calculations made to produce the 'total project value' for some of the GBSP projects (and therefore the overall total) are misleading and questionable. For instance, three of the largest GBSP projects (Riba Ltd. on the Island of Mljet, Vinifera (Frano Miloš), and Craft F.Radnić – all interviewed by the MTET) have been operating a number of years and some of the co-financing appears to be associated with activities that took place over a long period (e.g. the Miloš Vineyards) and should therefore be considered as 'old costs' and ineligible (GBSP rules only allow relevant costs incurred up to two years before making an application to the GBSP to be considered as co-financing⁷⁴). Also, some GBSP projects appear to include a large amount of co-financing derived from activities that are not the main focus for the GBSP grant. For instance, the declared total co-financing value of the GBSP project titled 'VINIFERA' (project number 1016022), which aims to establish 10 ha of vineyard, with cultivation of medical and aromatic herbs as secondary production, is US\$ 1,800,000 (9 million Kuna). However, most of the calculated co-financing - around US\$ 1,640,000 - relates to vine production, but only a small portion of the GBSP grant (US\$ 8,000) is directly supporting this (giving a GBSP: co-financing ratio of 1:205 for this component!). This greatly inflates the overall GBSP:co-financing ratio. By contrast, the bulk of the GBSP grant (US\$ 18,000) has been given for the start-up of the small medicinal and aromatic herbs business, for which co-financing was calculated as only US\$ 160,000 (producing a GBSP:co-financing ratio of 1:8.9).

⁷⁴ The GBSP Implementation Manual v4.0 states that 'to be eligible as applicants co-financing, costs incurred must be associated with items that make whole with the overall project idea. The costs must not be older than two years and the sum of the costs incurred before signing Letter of Agreement must not be higher than 50%.'

181. The MTE recommends that the calculation of co-financing for each GBSP project is repeated using co-financing figures based on costs no more than 18 months old⁷⁵, and limited to only the 28 projects that have already signed a GBSP contract.

4.8.4 Cost-effectiveness

182. It is difficult to fully assess cost-effectiveness at the MTE stage because the Project still has to deliver many results, but the Project is currently within budget and there have been no significant over-spends.

183. In terms of purchasing goods and services, a competitive bid process is applied to contracts in line with UNDP procedures (minimum of three tenders required) and the PIU's policy has been to find value for money across all project activities. There has been good use of (cheaper) national consultants with only two (more expensive) international consultants hired (for specific, short-term tasks) since the Inception Workshop. However, although the PIU tries to ensure that it gets good quality products from its consultants, the relative lack of qualified and experienced consultants in Croatia has been a significant constraint for the Project and the UNDP CO. Unfortunately, there have been cases where a consultant has not delivered and as a result the contract terminated. The small number of qualified, experienced consultants in Croatia means that the same consultants tend to be used by many organisations often for similar projects and some consultants 'recycle' previous studies and reports ('cut-and-paste' text and analyses between studies), rather than undertaking a thorough new analysis, which produces poor quality contracts. Long delays in delivering some Project contracts (for example a marine biodiversity study for Zadar county) or the need for PIU staff to repeatedly ask for improvements of reports can be attributed to this kind of systemic issue. As a result of such experiences, the PIU and UNDP CO now withhold a significant part of the payment of the contract fee until the consultant has delivered a satisfactory final report (which is the general arrangement for international consultants working for UNDP) and the MTE agrees with this approach.

184. From UNDP-GEF Bratislava's point of view, the COAST project is viewed as a 'cost-effective' project in that it has required less management time from staff than many other UNDP-managed projects ("COAST is not considered a problem project"). Overall, cost-effectiveness is judged as *Satisfactory* and the PIU team and UNDP CO have done a good job in seeking value for money when spending project funds.

<i>Recommendations/tasks</i>	<i>Responsibility</i>	<i>Time frame</i>	<i>Deliverables/evidence</i>
1. Upgrade old computer and software currently being used by Project Administrative/ Financial Assistant	PIU	Before end June 2010	Upgraded main PIU computer and software
2. Include trained economists or SME experts among the PIU and CDA members of the 'Commission for approval of partial guarantees', and expand Commission to include a representative from the participating bank.	CDA, PIU, bank, UNDP CO	Introduced for first meeting of the Commission	Enlarged membership of Commission with high technical composition, with agreement documented in emails and Project reports
3. Cancel establishment of second 'Supervisory Commission'	CDA, PIU	Immediate	Documented in emails between stakeholders and Project
4. Reallocate some of the technical assistance financing for the GBSP to the grants and/or PGL scheme	PSC, UNDP CO, CDAs, county administrations	Start discussion at next PSC meeting	Decision to reallocate budgets documented in PSC meeting minutes, and revised budgets detailed in Project reports
5. Recalculate co-financing for each GBSP project using co-financing figures based on costs <u>no more than two years old</u> , and limited	PIU, GBSP project beneficiaries	Before June 2010, for presentation of	Table showing corrected co-financing for GBSP projects with explanation for how

⁷⁵ The PIU commented that 2 years is considered the minimum for agricultural projects. The National Consultant, who is very experienced in this area, disagrees, and believes 12 months is sufficient. Therefore a compromise of 18 months has been selected.

to only the 28 projects that have already signed a GBSP contract		analysis at PSC meeting	each has been derived.
6. Analyze the needs for grants in the four counties for each specific sector in case the PGL scheme is not fully spent in next two years	PIU, secondees, CDAs	By mid-2011	List of potential projects for funding through grants
7. Inform current GBSP recipients of the arrangements and eligibility requirements for a PGL scheme and explore such opportunities directly with existing GBSP projects	PIU, secondees, GBSP recipients	End July 2010 (in time for third Call for Proposals)	Increased number of applications for PGL scheme, including GBSP projects from first Call for Proposals

5 PROJECT RESULTS

185. A review of Project achievements versus expected targets presented in the project logframe (revised version presented in the Inception Report used as basis for the MTE) indicates that the Project has met only some of the set of expected targets to be achieved by the MTE (Table 5), although it should be noted that some indicators in the logframe do not have MTE targets, other indicators are not clear or difficult to assess (see section 3.1), which has hindered assessment of project progress and achievements, and a number of Project activities are ongoing and are likely to be delivered within the next 6-12 months.

Table 5: Summary status and ratings for achievement of Objective and Outcomes made against their indicators

Component	Measurable indicators from project logframe	Status of delivery*	Rating**	Comments***
Objective: To effectively transform actions, practices and approaches of private operators in the tourism, agriculture and fisheries sectors in the four coastal counties, in part by influencing the banking sector, and thereby mainstream biodiversity conservation into these sectors.	The volume of investments into biodiversity-friendly activities, assisted by the project, across the entire project area (four counties)		MS	Achieved according to definition, but indicator needs to be reviewed and recalculated
	Biodiversity Indicator No. 1. Size of the area that the project has mainstreamed biodiversity conservation and sustainable use into the productive landscape and relevant sectors.		MS	Achieved according to definition, but indicator needs to be reviewed and recalculated
	Biodiversity Indicator No. 2. Species composition and abundance in key habitats: - Salt marshes (alliance <i>Arthrocnemion</i>) at 3 localities in project area: (1) Blace-Neretva; (2) Privlaka (Zadar); (3) Vlačići (Pag).			S
Outcome 1: Biodiversity-friendly development is demonstrated in four small, globally important, productive landscapes.	Application of GEF biodiversity “tracking tool” shows improvement in sectoral activities throughout life of project		S	Difficult to complete some sections and relies on Biodiversity Indicator 1, but review at MTE shows increased scores overall
	The <i>revenue</i> from the biodiversity-friendly investments, assisted by the project, across the entire project area (four counties).		U	Revenue (i.e. income) from BDFBs in GBSP will not occur for some years, so not achieved. Indicator needs to be reviewed and replaced
Outcome 2: An improved investment climate for BD-friendly enterprises across	Number of loans and incentives/subsidies programs integrating BD criteria developed by the project into approval process		MU	Targets for number of loans not achieved by MTE but likely by end of project. However, interpretation of ‘incentives/subsidies’ is not clear and indicator is not SMART and

the four counties.				needs to be reviewed
	Number of banks participating in the project		MS	Only two banks really participating in any meaningful way at MTE stage through PGL scheme, but other banks have attended events. Also, no indication of the quality of 'participation'
	Number of units applying for Tourism eco-label scheme and award competition		MU	Not achieved as eco-label scheme does not yet exist and dependent on others
Outcome 3: Compliance with biodiversity-related regulations has increased significantly across all sectors across the four counties.	Change in fishery regulation		S	Not achieved by MTE but likely changes in regulations with COAST input in next few months and will be achieved by end of Project
	Number of spatial plans that integrate recommendations provided by the project		MS	No MTE target. Lots of potential for mainstreaming but not achieved to any great extent at MTE
Outcome 4: A national-level enabling environment that appreciates, supports, institutionalises and disseminates biodiversity-friendly development in coastal areas.	Number of national level programmes that incorporate biodiversity criteria developed by the Project		MS	Not yet achieved but not very ambitious targets so probably will be by end of Project
	The number of Parliamentary or Governmental laws, regulations or other measures that relate to coastal areas and integrate or directly target biodiversity conservation goals		MS	No MTE target for this indicator. Likely to be achieved by end of Project

* Status of delivery: Green = indicators show successful achievement; Yellow = indicators show expected completion by end of Project; Red = unsatisfactory. ** HS = Highly satisfactory; S = Satisfactory; MS = Marginally satisfactory; MU= Marginally unsatisfactory; U = Unsatisfactory; HU = Highly unsatisfactory; ***for further detail see Annex 7: Analysis of indicators

5.1 ATTAINMENT OF PROJECT OBJECTIVE

186. Initial assessment of indicators relating to the Project's Development Objective are generally positive and all three have apparently been achieved, although the MTE has issues with how these indicators are defined and/or calculated.

i. Objective indicator 1: The volume of investments into biodiversity-friendly activities, assisted by the project, across the entire project area (four counties)

187. The target for this indicator is US\$ 1,100,000 (total in 2009 and 2010), US\$ 1,100,000 (total in 2011 and 2012) and US\$ 2,500,000 (for 2009 to 2013). According to the PIU, the target for this indicator has already been met, as 'investment' to date amounts to US\$ 6.5 million which is based on the co-financing provided by the 28 GBSP projects included in the first Call for Proposals. If the measure for reaching this target is purely based on these then the target has been achieved at the MTE. However, the MTET disputes the basis for the calculation and suggest that it is recalculated (see section 3.1).

ii. Objective Indicator 2: Size of the area that the project has mainstreamed biodiversity conservation and sustainable use into the productive landscape and relevant sectors

188. The target for this indicator is - Direct contribution 663,000 ha of land surface (area of coastal municipalities), and 702,000 ha of sea surface (total surface of project activities dealing with coastal fisheries, demersal fisheries, exploitation of natural bivalve communities, shellfish farming), and Indirect contribution 629,000 ha of land surface (total area of all municipalities that qualify as part of Dalmatian coastal area, even if they have no coastline) and 1,640,000 of sea surface (total area of Croatia territorial waters along the Dalmatian coast). Although no specific target was set for the MTE stage, the PIR 2009 states that the overall target has been achieved as 'all ongoing activities and planned activities as well as Green Business Support programme deal with the same area'. If the presence of a GBSP in a county is used as the measure here, then, yes, the Project has achieved its target as the four GBSPs have been established in each of the four Dalmatian counties. However, the MTET questions the reasoning used to calculate the area⁷⁶ as the GBSP is a Project activity and has not yet been mainstreamed into the CDA, County administration and local bank procedures and practices (although the intention is that this will happen by the end of the Project). The MTET believes that the Direct Contribution should be the area directly affected by the project activities, e.g. total area covered by the GBSP projects themselves (rather than the mere existence of a GBSP in a county) and/or the total area covered by individual planning and zoning regulations which have incorporated COAST Project results, e.g. County Development Plans or Municipal Plans that include COAST Project data or priorities.

iii. Objective Indicator 3: Species composition and abundance in key habitats: Salt marshes (alliance Arthrocnemion) at 3 localities in project area: (1) Blace-Neretva; (2) Privlaka (Zadar); (3) Vlačići (Pag)

189. The target for this indicator is that the plant species composition and abundance at these three sites remains unchanged by the end of the Project. Surveys commissioned by the Project and carried out in April and May 2009 show that the plant communities at these sites have not changed and so, under these criteria, the target has been achieved. Again, the MTE has concerns related to this indicator and suggestions to improve all the objective indicators are given in section 3.1.

5.2 SUMMARY OF ACHIEVEMENT OF PROJECT OUTCOMES AND DELIVERY OF PROJECT RESULTS

Key Project results are described under their relevant Outcome below.

5.2.1 Outcome 1: Biodiversity-friendly development is demonstrated in four small, globally important, productive landscapes

190. The main activities and results under this Outcome relate to: i) the establishment and operation of the GBSP (although, confusingly, activities associated with the GBSP are also covered under Outcome 2); ii) inventory and mapping work to strengthen nature conservation planning and legislation, e.g. identification of National Ecological Network (and future NATURA 2000) sites; and iii) encouraging 'green business' through studies and plans to promote biodiversity friendly development in the agriculture, fisheries and tourism sectors (although again, promotion of 'green business' is also considered under Outcome 2). These activities are focused on the Project's four target areas - Pelješac and Mljet demo area in Dubrovnik-Neretva County; Vis Island demo area in Split-Dalmatia County; in the Krka Estuary demo area in Sibenik-Knin County; and in Southeast Pag and Novigrad Karin Demo area in Northwest Zadar County.

i. Green Business Support Programme (GBSP)

Establishment of the GBSP

191. The GBSP was established under Founding Agreements between the UNDP, the counties and their respective development agencies. These agreements define responsibilities and other arrangements, and all were signed in October and November 2008 and the GBSP has been operational in all four counties since January 2009⁷⁷. Negotiating these agreements appears to have been relatively straightforward with only minor delays and no real

⁷⁶ The UNDP CO notes that 'This was difficult to estimate at the project design phase'.

⁷⁷ The county authorities in Sibenik-Knin County established a partial guarantee fund facility in early 2009, which predated the GBSP, in order to promote (among other things) BDFBs, so the COAST Project funds were added to this rather than create a new structure. However, the two funds have different criteria on what constitutes a BDFB, although both funds have a GBSP committee to approve the proposals of candidate projects.

problems. In 2009, secondees, embedded with the CDAs, were hired to support and promote the GBSP and training was given to each of them in project preparation and 'green business'.

192. GBSP projects have been chosen through a public call for proposals. The first Call for Proposals (termed Invitation for Expression of Interest) was launched on 28th June 2008 and ran until 10th September 2008. The second Call was open from 16th May 2009 until 31st December 2009 (Table 6), while a third Call for Proposals will be announced later in 2010. Preference has been given to business entities whose activities take place in the municipalities in the coastal area of four Dalmatian counties, especially those from the areas within the National Ecological Network.

193. Contracts for the first batch of GBSP projects were signed in July 2009 and the first 7 GBSP projects became operational soon afterwards. Others were signed over the following months, but this means that none of the GBSP projects had been operational for more than 6 months at the MTE point. Consequently, the MTET quickly found that many of their questions (related to achievements) could not be answered and the MTET therefore was focused on an evaluation of the GBSP application and selection process, and what the GBSP recipients hoped to achieve through their project. The first and second Call for Proposals differed slightly (Table 6).

Table 6: Comparison of the first two Calls for Proposals

Item	First Call for Proposals	Second Call for Proposals
Eligible applicants	Entrepreneurs (new as well as established businesses), cooperatives, associations, companies, family farms, NGOs, private individuals, joint venture partnerships, public and commercial financial institutions, public institutions, including county level and municipal authorities, or other legal entity in the four Dalmatian counties	Largely business entities (companies, craftsmen, NGOs, cooperatives).
Eligible projects	All green business projects in agriculture, fisheries, aquaculture, and tourism, as well as non-business projects in biodiversity conservation	All green business projects in agriculture, fisheries, aquaculture, and tourism, as well as non-business projects in biodiversity conservation
Type of support offered	Small grants, technical assistance, partial credit guarantee	Technical assistance, partial credit guarantee and GBSP co-financing
Duration of the Call	4 months	8 months
Announcement of Call	UNDP Croatia, the four County administrations and their CDAs (web sites and local newspapers)	UNDP Croatia, the four CDAs (web sites and local newspapers)

Projects selected and contracted under the first Call for Proposals

194. According to the PIRs and other Project reports, the first Call for Proposals received 209 applications, covering 7 main areas: organic agriculture (mostly viticulture and olives), native (autochthonous) species and breeds, mariculture (mostly shellfish farming), green tourism, landscape projects, educational projects and small biodiversity inventory projects. After technical evaluation, 49 applicants were selected and invited for an interview, of which 38 had their projects approved and were then sent a 'Letter of Intent' offering support (grant, technical assistance or subsidized loan) on the basis of submission of a detailed application form along with supporting documents to prove evidence of co-financing, project partners, or land ownership. The first Call for Proposals was clearly successful in terms of the number of applicants, and the DPM and the secondees have put a lot of work into supporting potential applicants with their proposals, in some cases, essentially writing the proposal for them (this was certainly true for one GBSP recipient interviewed).

195. However, the GBSP application and selection process has not been fully documented to date but should be in the interests of transparency and lesson learning. As a result there has been some confusion over the number of applications received for the first Call of Proposals and how many are currently being funded through the GBSP. According to MTE interviews, there were three additional applications (making a total of 212, not 209) – the CDA of Šibenik-Knin County received one application for its partial guarantee fund and loan programme which was

subsequently funded through the GBSP, and one application was received from both the Zadar and Šibenik-Knin county administrations for projects being funded under the EU SIPA Project, which the PIU agreed to co-finance. In addition, only 28 of the 38 ‘approved’ projects had signed a contract with the GBSP at the MTE and the remaining 10 projects, along with another 51 projects are still in the pipeline. This means that at the MTE stage, only 28 (13.2%) of the original 212 applications have been funded, another 61 (28.8%) projects were still in the pipeline, and 123 (58.0%) proposals had been rejected. Details of the 28 contracted projects are given in Annex 11.

Table 7: Analysis of GBSP projects with contracts by sector

Sector	Zadar County	Šibenik Knin County	Split-Dalmatia County	Dubrovnik-Neretva County	Total
Agriculture	2	3	2	5	12
Fisheries	0	0	0	0	0
Mariculture – fish farming	0	0	0	1	1
Mariculture –Shellfish farming	3	1	0	1	5
Tourism	1	3	3	1	8
Nature protection	1	0	0	1	2
Total approved contracts	7	7	5	9	28

196. The highest number of approved and contracted projects is from Dubrovnik-Neretva County (Table 7); the lowest in the county of Split-Dalmatia, which is probably due to the very late establishment of its County Development Agency (in 2009) and less intense promotion of the GBSP in the county.

197. The majority of the GBSP projects funded relate to the agricultural sector (Table 7), most of which focus on organic olive orchards and organic vineyards. Olive and grape production (both conventional and organic) are very popular in Dalmatia and used to be subsidized from county and national-level funding as part of a pre-accession realignment of the agriculture sector to make it more compatible with EU agricultural policy and more competitive, so these GBSP-funded projects are in line with county aims, confirmed by MTET interviews with county administrations (although worryingly, few seemed to view the biodiversity value of BDFB development as valuable).

198. So far, there have been no approved projects in the fisheries sector. Interviewees were uncertain why there was such low interest among the fishing community along the Dalmatian coast but two possible reasons are that a) changing to more sustainable fishing gear, e.g. to reduce unwanted bycatch, is expensive and any GBSP contribution would be small (meaning substantial co-financing would need to be raised), and b) at present there is no premium for fish caught in a more sustainable way and none of the fisheries in Croatia has been certified as sustainable (and unfortunately this situation is unlikely to change in the near future). By contrast, there are a number GBSP-funded mariculture projects - one project in fish-farming (Riba Mljet Ltd, which is one of the only five certified organic fish producers in Europe) the has been approved in the fisheries/mariculture sector, but that is an application by the company and five GBSP shellfish farming projects, more than half of them from Zadar County and focused on experimental and innovative shellfish farming.

199. Tourism is the most developed sector in Dalmatia and has the largest number of approved and contracted GBSP projects. Disappointingly, only two NGOs have been GBSP beneficiaries so far (Falcon center outside Šibenik, and Punta Arta in Zlarin), and the COAST Project should actively encourage more NGOs to apply for GBSP funding. Some thematic areas were non-existent (notably production of seeds and seedlings, fruit and flowers cultivation, diversification of the fishing activities) or under-represented (cultivation of medicinal and aromatic plants, and organic fish farming) in the first Call.

200. In most cases it appears that GBSP funds are being used as intended. In the first Call funds are being used either to a) improve future opportunities for green business, e.g. ‘Development of thematic maps, tracing and furnishing pedestrian paths for tourist sport-recreational activities on the island of Vis’ (project 2009174) and project the ‘Natural Heritage Thematic Route on the island of Korčula’ (project 1015143); b) aid development of

existing businesses to convert to 'greener practices' through addressing bottlenecks, e.g. 'Production and processing organically grown fruits and vegetables on the island of Vis' (project 2020176); or c) finance experimental green business models that would be unlikely to be funded from other schemes, e.g. 'Experimental farming of scallop (*Pecten jacobaeus*) in Novigrad sea' (project 4005102).

201. However, some of the GBSP-funded projects will not directly lead to the development of a BDFB. For instance, the project 'Assessment of the abundance and distribution of dolphins in the Vis archipelago and recommendations for conservation and sustainable use of identified areas of special BD value / importance' (project 2004210) is essentially an 'inventory project' relevant to the nature conservation sector, and there is no real difference between this GBSP project and the seabird surveys that are taking place on and around the same island funded from the COAST Project's main survey and inventory budget (also under Outcome 1). Consequently, the MTET recommends that the Dolphin project be transferred from the GBSP (along with its budget) to the main COAST Project. Other projects, e.g. 'Tracability to the level of individual olive tree as the base for development of both premium price products and eco tourism offer' (project 4023101) appear to have little if any global biodiversity benefits (the reason for the GEF funding), and many of the rationales for the project intervention and eligibility for the GBSP support in the one-page English summaries of the Approved Project Proposal forms are not convincing from a global biodiversity (IUCN Red List species, species listed under EU Birds Directive and EU Habitats Directive, etc , see above) point of view. Unfortunately, the COAST Project is not measuring the impact of individual GBSP-funded projects on biodiversity as part of their monitoring programme (see section 3.2.1) and this remains a concern of the MTET. It is recommended that the screening of the applications received under the second Call for Proposals is rather more rigorous.

202. Another point to make here is that all but one of the GBSP approved projects from the first Call were for grants and technical assistance (the other was for a loan). Essentially, then, the first Call for Proposals was implemented as a typical small grants programme for non-income earning activities, and indeed a number of earlier Project reports refer to the GBSP as a 'small grants programme'. The rationale for this is that these would be 'pre-investments' that would then support removal of biodiversity barriers and help create opportunities for increased investment in BDFBs but there seems to be little evidence of this so far. It is recommended that in future grants are awarded primarily to those projects that are more speculative and would not attract a loan (e.g. testing new techniques for mariculture) and those which are more likely to be awarded a loan from a bank, such as established businesses converting to organic production, should be encouraged to apply to the PGF and loan scheme with applications for large grants (>80,000 US\$) are referred to Splitska Bank or HBOR. In addition, the GBSP should examine how many of the existing GSBP projects funded through grants could be encouraged to apply for a loan to develop their business idea⁷⁸. It should be noted here that although there were many applicants for grants among the first Call for Proposals, some interviewees commented that some potential applicants did not apply because the co-financing needed (70% of the grant) was too high.

203. Finally here, almost 60% of all first round of applications were rejected A further 29% are still in the pipeline and the MTE understands that some of these will also be rejected. Despite the large number of rejections the COAST Project has not undertaken any systematic analysis of the reasons for rejection, which would have helped in advising potential applicants for the second and third Calls how to produce more relevant and better quality proposals and as importantly, understand the 'market' for GBSP financing. The MTET recommends that the PIU undertakes such an analysis.

Second call for proposals

In total, 45 applications were received in the second Call and were being processed at the time of the MTE. Little information was available but discussions with the Project staff revealed that many are not likely to be of a high enough standard. In the second Call, the opportunity to apply for a grant was not mentioned, instead the PGL scheme was promoted, but few proposals appear to have applied for these.

⁷⁸ The PIU commented that this is already being done, but MTE interviews found that many GBSP recipients had not been approached and knew little of the PGL scheme. The MTET recommends that those GBSP grant recipients with a clear business idea (e.g. many of the mariculture projects) should be approached and encouraged to apply under the PGL scheme as a follow-up to their grant.

204. The interval between the first and second Call for Proposals was one year, which the MTET considers too long and, judging from interviews, seems to have led to some loss of momentum of the GBSP. It is recommended that a permanently open Call is created, rather than a third Call, which would allow for much faster and more efficient application processing and assessment (the high number of proposals that arrived in a short period after the first Call caused a slow down in the process)⁷⁹. However, this would mean that GBSP promotion would need to be continuous, although this may help to better raise awareness of 'green business' and BDFBs. It is also suggested that secondees are involved in the evaluation of the proposals submitted under the second Call and the selection committee is expanded to include the two participating banks.

Delays over application and evaluation process

205. Although the application process for the first Call for Proposals was designed to be relatively simple (and only a few GBSP interviewees had significant problems with it and required help from the secondees or PIU staff), there were significant delays in the application and evaluation process. The shortest length of time between the advertising of the Call and the signing of the first GBSP contract being signed was 14 months and there were still some projects waiting for a contract 21 months later at the MTE stage. This is considered much too long by any standard, especially given that most applicants are operating in a business environment. Entrepreneurs look for a fast and efficient implementation of their business ideas and delays can be critical. Indeed, one GBSP recipient interviewed (a relatively young established businessman) stated that it took so long to receive his funds that he had in the meantime accessed the money from other sources (it was not clear to the MTET therefore what the GBSP funds would be spent on).

206. Almost all of the 16 GBSP interviewed expressed frustration or disappointment over the length of the application and evaluation process and 8 (50%) suggested speeding up the application process as their main recommendation on how to improve the GBSP. Unfortunately, the delays are giving the GBSP a negative image in the rural community, even though on other grounds it is performing well (establishment of a GBSP programme in each county, the number and diversity of projects funded, involvement of two local banks, are all to be commended). Unfortunately, some applicants among the 61 projects currently still in the pipeline have not been kept properly informed of progress and have not been given a date by which a decision on whether they will progress further will be made, which is further damaging the image and attraction of the GBSP (the MTET heard a number of complaints on this). The MTET considers this unacceptable and the COAST Project needs to address the issues of both the lengthy application and evaluation process and keeping applicants regularly informed as to the progress of their proposal.

207. It should be noted that other funding sources available in Croatia generally take less time. Indeed, one experienced GBSP beneficiary, who received a partial guarantee from GBSP (200,000 Kuna) and a loan from Jadranska Bank (400,000 Kuna), applied for funding for investment in an organic olive orchard directly to the CDA of Šibenik-Knin County in January of 2009 and received the loan in June of 2009 – a waiting time of less than 6 months. Crucially, he didn't need to pass through a complicated and demanding application process, and the CDA and county agriculture department were involved from the very beginning of project development. It is clear then that there may be lessons the COAST Project could learn on how to better design and operate its GBSP by reviewing how other similar programmes are managed in Croatia. It is recommended that the COAST Project undertakes a participatory review of the currently very complicated GBSP application and evaluation process, involving the Project PIU, CDAs, participating banks, the UNDP CO and GBSP recipients to identify bottlenecks and ways to speed up the process (the MTE recommends a SWOT analysis is undertaken led by outside facilitator). Ideally, the whole application and evaluation process should take no more than 6 months (two month application period and four months for evaluation), and specific deadlines should be set. As a result of the delays, the Project has not yet been able to demonstrate the financial case for the GBSP model (nor the positive impact on biodiversity).

208. One clear cause of delays is the documentation needed. The MTE suggests that all necessary documents (official registration of the entity, economic and financial reports, and single page elaboration of the project idea) are requested at Stage 1 in the application process (see Annex 9). Additional information, especially revenue and

⁷⁹ The UNDP CO notes that the processing of applications under the second Call has been faster than the first as the PIU team has learnt from their experiences from the first Call.

cost structure should be submitted at Stage 5, before the Letter of intent is issued. Also, applicants for the PGL scheme should attached a business plan with their application form at Stage 1.

<i>Recommendations/tasks</i>	<i>Responsibility</i>	<i>Time frame</i>	<i>Deliverables/evidence</i>
1. Transfer the GBSP project ' <i>Assessment of the abundance and distribution of dolphins in the Vis archipelago and recommendations for conservation and sustainable use of identified areas of special BD value / importance</i> ' (project 2004210) from the GBSP to the general COAST Project, along with its budget.	PIU, UNDP CO	Next revision of project activities and finances when project logframe and AWP are revised (see above recommendation)	Transfer of GBSP project 2004210 to general inventory work programme, documented in revised AWP budget and recorded in PIR
2. Fully document the GBSP application and selection process to date and include a detailed analysis of rejected applications – why they were rejected, what lessons can be learned from this and how the GBSP application process can be improved	PIU, secondees	Before June 2010 for presentation of analysis at PSC meeting	Brief report analysing the 123 proposals that were rejected
3. Change the current staged Call for Proposals to a permanently open Call	PIU, UNDP CO, CDAs, county administrations, bank, PSC	Produce proposal before June 2010, for presentation and endorsement at PSC meeting	Written proposal, endorsed by PSC and county administration, CDAs and UNDP
4. Undertake lesson learning exercise of other small grants programmes and partial guarantee and loans schemes then review the GBSP application and evaluation process, including the forms (done in a participative manner with the GBSP recipients) to identify where the bottlenecks are occurring and revise system to reduce maximum application and evaluation time to 6 months.	PIU, CDA, GBSP recipients, GBSP Evaluation Commission	Before Third Call for Proposals	SWOT analysis. Updated GBSP Implementation Manual to include revised application and evaluation system
5. Ensure that all applicants are kept informed of the progress of their application	PIU	Ongoing - receipt of application acknowledged then applicants kept informed of progress on a monthly basis	Letter, email, telephone call to applicants

ii. Inventory and mapping work

209. The Project carried out a set of activities related to supporting the *nature conservation* sector in the four demonstration areas under Outputs 1.1-1.4 which include:

- Mapping of some flora and fauna groups (habitat maps at 1:25,000, and some species mapped at 1:5,000 scale) at selected sites in the four demonstration areas, including on the islands of Mljet, Vis and Biševo, the Krka Estuary, and parts of the island of Pag;
- Surveys and mapping of valuable natural beaches and associated habitats and assessment of their state and pressures affecting them (mostly tourism) together with measures for their protection and sustainable use;
- Inventory and visitor interpretation of marine biodiversity around the islands of Biševo and the southeast coast of Vis;
- On-going monitoring of populations of seabirds on the island of Vis and Lastovo archipelagoes and an inventory of marine mammals around the island of Vis (included as a GBSP project, but should be treated as part of main inventory work, see above);
- Production of a popular, high quality, field guide to the flowering plants of Dalmatia and its islands (in Croatian) which is likely to be an important tool for students and encourage the next generation of Croatian botanists;

- Monitoring of three saltmarsh sites as a biodiversity impact indicator for the project (listed in logframe);
- Hiring of two secondees to strengthen capacity for the PIMPA in Sibenik-Knin and Dubrovnik-Neretva counties with training in 'preparation of management plans' for 'conservation and sustainable use of protected areas'; and,
- Inventory of breeds and varieties in Dalmatia (the Ministry of Agriculture previously lacked this).

210. In addition, between April 2008 and November 2008, the Project undertook a *landscape analysis* at the four selected demonstration sites (southeast area of the island of Pag in Zadar County, wider Krka Estuary in Sibenik-Knin County, Vis and Biševo areas in Split-Dalmatia County, and southeast part of Pelješac peninsula (Municipalities of Ston and Janjina with Malostonski Bay) in Dubrovnik-Neretva County which are the same as the areas covered by the action plans), led by the Zagreb-based OIKON-Institute for Applied Ecology. Four separate, high quality studies were published in 2009 (Inventarizacija, vrednovanje i planiranje obalnih krajobraza Dalmacije), which presented a number of practical area-specific policies and development control measures for local physical plans. Importantly, an innovative inventorisation and assessment methodology was developed and tested as part of the analysis, which can be used to derive an overall 'landscape diversity index', and values were calculated for the 4 demo-sites (representing a baseline).

211. Many of the national-level interviewees commented that much of the Project's inventory and mapping work covers areas which either had not been surveyed before (therefore filled gaps) or which had not been mapped in such detail. They also commented that the new information generated by the Project is of a very high ("exceptional") quality and will provide the state and county nature conservation agencies and spatial planners with important data to improve the management of these natural habitats and species, and to identify potential NATURA 2000 sites (it was already been used to identify areas to be included in the NEN), as well as, importantly, providing inputs for conservation/sustainable use measures in physical plans.

iii) Encouraging green business

212. As part of the preparatory work for developing and promoting 'green business' in the Project area and supporting the GBSP (also to support efforts to mainstream biodiversity friendly business into national policy and planning under Outcome 4), the COAST Project carried out a series of background analyses of the agriculture, fisheries, and tourism sectors between mid-2007 and early 2009. These included:

- For *agriculture*, a review of the Traditional Agricultural Plants and Domestic Animals of the Dalmatia Region (Poljoprivredna bioraznolikost Dalmacije Tradicijsko poljoprivredno bilje i domaće životinje) and an Action Plan for the Development of Organic Agriculture in Dalmatia (Akcijski plan razvoja ekološke poljoprivrede u Dalmaciji), both published in 2009 (the Ministry of Agriculture commented that these were very useful for their Agricultural Extension workers);
- For *fisheries/mariculture*, the preparation of integrated shellfish farming development plans for the areas of Mali Ston Bay, the mouth of the river Krka, the Novigrad sea and the island of Pag (Integralni planovi razvoja školjkarstva Područja Malostonskog zaljeva, ušća rijeke Krke i akvatorija sjeverozapadnog dijela Zadarske županije), an inventory and assessment of the demersal fisheries in the Jabuka Pit area of the Adriatic with recommendations for more sustainable fisheries practices (Opis ribolovnih resursa i preporuke za održivi pridneni ribolov u otvorenom moru srednjem Jadranu) and an inventory and assessment of coastal fish diversity around the island of Vis with recommendations for more sustainable fisheries (Inventarizacija priobalnih ribolovnih resursa i preporuke za održivi priobalni ribolov u Viškom akvatoriju), all published in 2009, and a study on the sustainable exploitation of natural populations of bivalves in northwest Zadar County (Evaluacija raspodjele i trenutnog stanja prirodnih zajednica školjkaša u demonstracijskom području u Zadarskoj županiji i prijedlozi za njihovu održivu eksploataciju) published in 2008;
- For *tourism*, Action Plans for Development of Eco and Rural Tourism (Plan razvoja ekološkog i ruralnog turizma) for the northwest part of the County of Zadar, with the island of Pag and areas along the Novigrad and Karin coasts, the wider area of the Krka Estuary (Sibenik-Knin County), the island of Vis (Split-Dalmatia County), and the municipalities of Ston and Dubrovačko primorje (Dubrovnik-Neretva county), again all published in 2009.

213. The quality of these reports and plans is uniformly excellent and again the MTE received very favorable reviews from national- and county-level interviewees. Also, judging from interviews with the Chief Technical Experts and some participants, the process of developing these plans (workshops and consultation) was very participatory. Altogether 9 workshops were held to develop the various Action Plans where drafts were presented and discussed with the audience, which was composed of local stakeholders, regional governments and national partners from relevant ministries.

214. Despite significant results under this Outcome, the MTE feels that the COAST Project has still not 'demonstrated' the case for green business, as the GBSP is some years away from being able to show financial and biodiversity benefits (see 3.2.4).

5.2.2 Outcome 2: An improved investment climate for BD-friendly enterprises across the four counties

215. This Outcome focuses on improving the investment climate for 'green business' in Dalmatia through stimulating greater interest and commitment from the banking and financial sectors but also improving and promoting incentives for biodiversity friendly business in the region, such as certification. A significant number of activities have been carried out by the Project under this Outcome.

- Two workshops in 2006 and 2009, the first in cooperation with the European Centre for Nature Conservation (ECNC) and HBOR, the second in Zagreb and co-organised with HBOR and UNDP CO, to promote investment in biodiversity friendly business to the main commercial banks in Croatia. All the major banks in Croatia (ZABA, PBZ, SG, RBA, OTP, Hypo) as well as some smaller / more local banks (Jadranska, Banka Kovanica, Croatia Banka, Vaba, Kaba, Volksbank) were included and the events focused on how financial institutions can gain competitive advantages through improved environmental (including biodiversity) and social risk management;
- Involvement of two banks – Splitska Bank and Jadranska Bank – as partners in the GBSP (several banks were invited to participate in GBSP, but after review of bids, done jointly with county development agencies, only two banks were selected);
- Establishment of the Project's PGL scheme (up to 50% guarantee for a loan typically up to US\$ 80,000 with a preferential interest rate) in the four counties available for the second and third Call for Proposals (at the MTE point, schemes in 2 counties had be fully established but the schemes in the other 2 counties were expected to be completed within weeks);
- Organisation of a fair for promoting organically produced projects in Split (on 22nd May - Biodiversity Day);
- Promotion of organic farming through co-financing attendance of organic producers at various fairs and events (2 day fair as side event within climate change awareness raising event for UN day in Zagreb, and Christmas fair in Split during December);
- Input into preparation of national draft guidelines for an eco-tourism accreditation scheme for hotels and camp sites as well as tour operators and management of the attractions themselves. The national scheme is to be based on the EU Ecolabel scheme⁸⁰ but customized for Croatian conditions and is being undertaken with the Ministry of Tourism, and MEPPPC, with participation by representatives from the hotel and camp-site industry. At the MTE stage, an advanced draft of the scheme had been prepared and was being circulated and the MTE was informed that it was likely to be adopted within a few months (the Project will promote labeling and certification once the system is established);
- On-going radio show "From nature to agriculture" transmitted each week on three local radios mostly covering organic farming, which began in November 2009. This aims, among other things, to promote entrepreneurial and other green initiatives in mariculture, fisheries and tourism.

216. Also, listed in Project reports under this Outcome is the promotion of 'green business' via workshops organized as part of the activities for the preparation of the Action Plans for agriculture, eco- and rural tourism, shellfish farming and fisheries (prepared under Outcome 1).

⁸⁰ The EU Ecolabel (or Eco Flower) scheme is a voluntary certification system introduced in 1992 to help European consumers distinguish greener, more environmentally friendly products, goods, and services. See <http://ec.europa.eu/environment/ecolabel/>

217. Despite the successes under this Outcome, the MTE has a concern over the apparent lack of understanding of the linkage between biodiversity, business and sustainable use of natural resources among the GBSP recipients (and stakeholders generally). All GBSP interviewees when asked the question "how will you measure the success of your project – what will you need to achieve before you can say 'this has been a success'?" gave financial, economic or livelihood measures of success. None gave a biodiversity measure, such as 'an increase in the plants and animals in the area where my project is working' or something similar, and indeed very few mentioned any likely biodiversity benefits from their grants/loans at all. Among the GBSP projects interviewed by the MTE it was clear that the proponents saw the GBSP as a business and not a biodiversity opportunity (indeed few could give a coherent account of what the biodiversity benefits would be from their project even though they had to complete a section of the GBSP application form detailing just that). Similarly, among county administration officials (apart from the PIMPAs), none saw the real biodiversity value of the Project (one county administration official was even hostile saying the Project should ignore environmental considerations and focus solely on funding development projects as these were desperately needed in Dalmatia), so it would appear that the Project's message has not got through to everyone. It is recommended that the COAST Project spends more time and effort in explaining how business is reliant on biodiversity in the three target sectors, and how business can promote biodiversity goals. It would also help if individual GBSP projects had their own biodiversity impact monitor (measured by COAST project team in partnership with the GBSP recipient) as, apart from being needed to show the impact of the project on biodiversity, it would help educate the GBSP recipients about the linkage between their project activities and biodiversity and help to spread the central message of the COAST Project more widely in the community.

218. It is also suggested that the COAST Project commissions a review of the economic, social and environmental importance of BDFBs, focusing on the agriculture, fisheries/mariculture and tourism sectors, with a series of case studies that compare cost-benefit analyses for BDFBs versus the standard (non-sustainable) business models with a range of indicators such as revenue, household incomes, employment statistics, opportunities for rural development, impact on social services, as well as risk, in order to better convince government decision-makers at municipal, county and national level to support them. There are likely to be insufficient funds for a detailed study collecting new data in the Project area (although that would be ideal), so instead the MTE suggests a general review using examples from the Croatia, neighbouring countries and other parts of the world⁸¹.

219. Another concern is that although the last banking and biodiversity workshop (held in Zagreb) was well attended there has been, disappointingly, limited interest or follow-up from the banks that participated⁸². It is suggested that the COAST Project team takes a more proactive approach, with a strategy for how best to engage the banks and a series of targeted follow-up meetings, preferably held at the banks' premises. The UNDP CO could perhaps help facilitate meetings with the DRR or RR hosting key meetings (UNDP providing increased 'soft assistance').

220. In addition, there is a shortage of consultants in Croatia with experience in SMEs, and the PIU has had issues with a lack of SME consultants with knowledge of BDFBs. The COAST Project should therefore consider a capacity building programme for the national consultant network and the MTE recommends that the PIU, together with HAMAG, organize a specific training course for HAMAG-licensed consultants with an interest in BD businesses, which would not only provide much needed technical training but offer the opportunity to promote 'green business' to a key audience (consultants) who might later advise other businesses to become 'green' (replication and multiplication of project objectives).

221. Overall, promotional activities under this Outcome (e.g. promotion of the 'green economy' and 'green business' models) have not received the attention they require and this needs to be addressed. This is reflected in the budget for Outcome 2 for the period 2009/2010, which accounts for only 6% of the total budget. The MTE

⁸¹ Useful background can be found in *European Communities (2008). The Economics of Ecosystems and Biodiversity Interim Report*, and specifically for policy makers – *TEEB – The Economics of Ecosystems and Biodiversity for National and International Policy Makers – Summary: Responding to the Value of Nature 2009*, both downloadable at <http://www.teebweb.org/InformationMaterial/TEEBReports/tabid/1278/language/en-US/Default.aspx>

⁸² The PIU commented that the 'Green banking workshop was successful, for example (Croatian bank) ZABA which actively participated in the Workshop recently launched a green loans programme'. The MTE challenges this as the ZABA bank is part of the Milan-based *UniCredit* Group, which is currently promoting more environmentally responsible banking so it is unclear how much of the new ZABA bank programme is due to the COAST project and how much to the influence of its parent company. The PIU also commented that these workshops were 'introductory meetings' to be followed up by more detailed workshops in the future.

feels that a specific strategy and plan for how to improve the investment climate for BDFB in Dalmatia needs to be developed and a budget for its implementation established.

222. The Project should also consider whether it would be more effective to focus specific sector activities under Outcomes 1 and 2 on certain areas. There is no reason why the Project should promote green business and the GBSP across all sectors in all counties and with all stakeholders. For instance, agriculture and tourism are the two key sectors and can be linked easily, whereas the fisheries sector is very small in Dalmatia (the fleet has no industrial vessels (80% vessels are <12m in length), and operates in a restricted area along the coast), and tourism has potentially the largest impact through a national policy that favours mass tourism developments (so the Project should be working more with tourist boards). Given its limited resources, the Project should re-examine where to target activities (species, habitats, areas, sectors, stakeholders) in the second half of the Project and concentrate on them where impact is likely to be greatest.

<i>Recommendations/tasks</i>	<i>Responsibility</i>	<i>Time frame</i>	<i>Deliverables/evidence</i>
1. Commission study of economic, social and environmental importance of BDFBs (focusing on agriculture, fisheries/mariculture and tourism sectors) - general review, with regional and Croatia-specific examples	External consultant (probably international) working with CTEs	By mid-2011	Report on economic, social and environmental value of BDFBs particularly agriculture, fisheries/mariculture and tourism sectors in Croatia and region
2. Increase awareness-raising activities to educate GBSP recipients about linkage between business and biodiversity, how business is reliant on biodiversity in the three target sectors, and how business can promote biodiversity goals	PIU Project Associate (Biology), Communications Officer	Before end of 2010	New materials and approaches to communicate biodiversity and business linkage
3. Engage in a more proactive approach to the banking community at national and county level, with development of a strategy for how best to engage the banks and a series of targeted follow-up meetings to the workshop held in Zagreb in 2009	PIU (particularly the DPM and new Communications Project Associate), banks, UNDP CO (to help set up and facilitate meetings (soft assistance)	Before end 2010	Meetings with banking officials, minutes of meetings
4. Develop a specific strategy and plan for how to generally improve the investment climate for BDFB in Dalmatia	PIU, secondees, banks, external consultant?	Before end October 2010	Strategy and action plan for improving investment in BDFBs in Dalmatia
5. Develop and organize a specific training course for HAMAG-licensed consultants with an interest in BDFB	PIU, HAMAG, national consultants with interest in BDFBs	By end 2011	Training workshop, with training certificate awarded to those who complete the course

5.2.3 Outcome 3: Compliance with biodiversity-related regulations has increased significantly across all sectors across the four counties

223. According to the AWP and logframe, this Outcome includes not only compliance activities, but also activities aimed at strengthening regulations for more sustainable management of biodiversity resources. Activities carried out up to the MTE include:

- A series of capacity building events for planners, dealing with landscape preservation and coastal development, including a workshop that presented international landscape and coastal planning experiences from Sardinia (considered a leader in the field) to Croatian spatial planners and representatives of partner ministries (although this should have been covered under Outcome 4);
- Meetings with hotels and camp site operators to discuss the future national 'eco certification' scheme for hotels and camps (already covered under Outcome 2);
- Several workshops with fishermen to raise the issue of ineffective existing regulations and need for strengthening of regulations;
- A review of fisheries-regulated areas and presentation of the information in GIS format that is suitable for various end users (fishermen and enforcement staff);
- An inventory of coastal fisheries resources (listed as an accomplishment under Outcome 1 in the PIR 2008 and Outcome 3 in the PIR 2009!) and analysis of fishing gears and impact on stocks with recommendations for sustainable coastal fisheries in the waters (the 'aquatorium') around Vis and the inventory of fisheries resources with recommendations for sustainable demersal fisheries in the Open Central Adriatic Sea. Both activities suggested specific measures for sustainable use of marine resources, including the reduction of the fishing effort in the most important areas e.g. Jabuka Pit.

224. The PIR 2009 also reports that demonstration of environmental good practice in the marine recreational and nautical sector (with emphasis on nautical tourism and marinas) has been initiated under this Outcome with activities in four main areas. However, the MTE could find no more information on these activities – they were not mentioned during interviews with stakeholders, and they do not appear in the 'Project Results Report' provided to the MTET during the mission - so their status and achievement is unclear.

225. Overall, less has been achieved under this Outcome than the other Outcomes up to the MTE, and the COAST Project needs to focus much more on capacity building to enhance compliance during the second half of the Project. However, it should be noted that several sets of activities relating to compliance were in progress although not yet completed at the MTE (set out in 2009-2010 AWP and verified by MTE interviews), and are likely to be delivered in the next few months, including:

- Improving compliance in the fisheries sector through information and awareness-raising activities (fisheries sector);
- Improving compliance in fisheries sector through applied research and development on more selective fishing gears and methods (fisheries sector);
- Improving compliance in fisheries sector through direct cooperation with fisheries inspection (fisheries sector).

226. There is also a plan to develop fisheries regulation maps to improve policing of fisheries using Google Earth maps as background combined with GPS equipment, so that fishermen can easily find the boundaries of no-fishing areas.

5.2.4 Outcome 4: A national-level enabling environment that appreciates, supports, institutionalises and disseminates biodiversity-friendly development in coastal areas

227. The focus of this Outcome is on strengthening national-level policy, legislation/regulation, and planning for biodiversity friendly development in Croatia's coastal region, and is the focus for much of the Project's national-level mainstreaming activities. Project activities are more difficult to define under this Outcome as much of the work relates to lobbying and awareness-raising at the senior government level, but achievements to date listed under this Outcome include:

- Flora, fauna, habitat and landscape inventories (covered under Outcome 1) have provided inputs for elaboration of the National Ecological Network at local level (although apparently not being used as intensively or extensively as they could be due to capacity issues and lack of understanding on how best to integrate them COAST Project results);

- Various capacity building events for stakeholders relevant for coastal planning and management, covering themes including sustainable tourism development, landscape valuation and preservation, nature protection through integration of ecological network in land use and sectoral plans (but largely covered under specific activities in other Outcomes);
- Criteria for planning of tourist development zones that incorporate landscape protection criteria developed with project's contribution;
- Meetings with national and county level authorities responsible for nature conservation, spatial planning, agriculture, fisheries and tourism development during which Project aims, priorities and achievements are promoted (although these were not well documented in Project reports and the MTET found it difficult to assess the extent or impact of these);
- A series of brochures, e.g. 'coast for all' (for Coast Day – 24th October 2008), 'alien and invasive flora' (for Biodiversity Day on 24th April 2008 and April 2009), brochure on biodiversity and agriculture, a series of postcards on local breeds and varieties, and posters, e.g. alien and invasive species (again for Biodiversity Day) to promote awareness of coastal biodiversity and its value to the general public, and a popular guide to the flora of the Adriatic coast and islands;
- Establishment and maintenance of Project website (updated end 2009);
- Information from a study of the Cetina River was incorporated into updated spatial plans for the County of Split-Dalmatia (co-financed by County of Split-Dalmatia);
- Preparation of popular media presentations on the Project and its results (media coverage has been relatively extensive with more than 100 articles in national and local newspaper and specialized magazines, 50 radio hits within specialized shows or news and 30 TV news hits).

228. In addition, several initiatives are currently underway which are likely to result in more opportunities for mainstreaming of COAST project results into new or updated legislation or regulations within the next 3-12 months, including:

- Draft Law on Marine Fisheries (supposed to be adopted in late 2009 but delayed due to pressure from sports fishermen lobby), which incorporates several recommendations made by the Project's activities dealing with coastal, demersal fisheries and exploitation of natural bivalve communities, undertaken during 2007 and 2008 in collaboration with Project partner the MAFRD (the Director of the Fisheries Department is also a CTE for fisheries for the Project which helps);
- National action plan for organic agriculture (the COAST Project's Action Plan for Dalmatia - (Akcijski plan razvoja ekološke poljoprivrede u Dalmaciji) is serving as a model for this);
- Development of a national-level 'eco accreditation' scheme for the tourism sector with important input provided by a consultant employed by the COAST Project;
- Development of a national action plan for the conservation of domesticated native taxa, as part of the Project activity done in collaboration with the Ministry of Agriculture;
- Development of guidelines for nature impact assessment⁸³ and environmental impact assessment and guidelines on appropriate assessment of physical plans (two international consultants have been advising on this), to advise on how to merge biodiversity data with spatial planning information, which will be piloted in relation to the siting of wind power plants, in two municipal physical plans (Kolan and Vis) and four county physical plans.

Consequently, the results from this Outcome are likely to increase substantially in the next year.

229. The 'Project Results Document'⁸⁴ also lists '*Intensive cooperation with the main national level actors relevant for BD friendly coastal development, and their capacity building through on-going on-the-job-training*' and '*continuous dialog with the project partners responsible for various public policies / legislation securing that the findings of the implemented activities are used for improvement of the current legislation / policies (intrinsic component of all the activities)*' as an achievement under Outcome 4. However, while there has been regular interaction and communication between the PIU and the local/regional level project partners and other stakeholders, the MTE found that since the loss of the Zagreb-based DPM much less attention has been paid to the

⁸³ These are focused on species and habitats and part of an EIA under Croatian legislation.

⁸⁴ 'PROJECT COAST – summary of major results 2007-2009, grouped by project outcome and output' provided by the PIU at end of MTE mission.

national level and activities under this Outcome and the above statements are perhaps a little exaggerated. As reported earlier, a number of individuals from national-level institutions complained to the MTET that they have not been kept fully informed about project progress and developments and felt they should be more involved in decision-making. Communications and lobbying activities have not been as effective as they could have been at the national level and there has been limited success with achieving mainstreaming at this level so far.

230. The 'Project Results Document' also includes '*Active implementation of the Project communication strategy*' for the period 2007/2008 and 'ongoing', as a Project achievement under this Outcome. As pointed out in section 4.5.1, this document is inadequate as a communications and public relations tool and needs to be replaced. 'Continuous dialogue' and reliance on the current Communications Work Plan (CWP) are clearly not enough, and greater efforts need to be made by the team in Split to develop and maintain partner and other stakeholder relationships at the national level. The appointment of a dedicated Communications and Public Relations Officer and redevelopment of the CWP should improve Project activities and results in this area.

231. Disappointingly, the COAST Project has no clear, written, strategy for how it should mainstream Project results and products into government decision-making processes. The Project relies heavily on personal contacts, e.g. the NPM is a highly regarded spatial planner who has very good contacts with spatial planners at both national and county levels. This makes arranging meetings and discussing ideas easier but what is lacking is a clear written strategy and plan for how the Project's different results should be integrated into the various on-going and near-future policy development, legislative and planning processes. For instance, it is not a result if the Project produces a large comprehensive action plan on eco-tourism if it just sits on the shelf in the Ministry (as witnessed by the MTET) and much more effort is needed at the national level to ensure achievement of the Project's mainstreaming goals (UNDP 'soft assistance' could help here with senior UNDP CO managers promoting key documents and project results to the government). Moreover, several people during MTE interviews commented that they were unclear how the Project's results would be integrated into their work, and clearly this is a weak link in the mainstreaming process. What is needed is to understand (among other things): a) what opportunities exist for mainstreaming (upcoming reviews of national and county legislation and the timetable and processes for influencing this, e.g. all four Dalmatian counties are working on different development strategies and master plans at the moment); b) what kind of approaches, information and analyses are required to influence key people and processes; c) what are the 'best practices' for integrating project results into existing policy, planning, legislation and management processes and working practices⁸⁵; d) who are the key (private and public sector) individuals/stakeholders and what are the best ways to approach them to gain access to the decision-making process; e) what format do project results (report, GIS layers, briefing notes, direct input to ministry documents, etc) need to be delivered in to be readily useable by partners and stakeholders (and not just sit on the shelf!); f) what outcomes and 'targets' would indicate successful mainstreaming of Project results; and g) what resources (financial, staffing, time, etc) are needed to tailor Project results to end users and to lobby for their integration into decision-making processes (so taking capacity constraints into consideration). Such an analysis needs to be presented within the revised Project Communication and Results Dissemination Strategy and Plan.

232. The MTET believes that the Project should increase efforts to integrate the Project's messages and results into existing programmes and projects in the agriculture, fisheries, tourism, and financial sector in Dalmatia using already established structures for more effective mainstreaming, such as persuading the Ministry of Tourism (and associated banks) to promote BDF tourism businesses through its existing funding scheme, so cost share⁸⁶, and generally the Project needs to identify and pursue such opportunities in a more proactive manner. Given that international banks own most Croatian banks, the COAST Project should look at their corporate social responsibility policies and target them to try to get them to adopt a green business model. Indeed, the option of influencing existing loans (by including eliminative/selective BD criteria), would not only promote BDFBs but environmentally damaging non-BDFB would face restrictions in financing⁸⁷. Generally, the Project needs to better

⁸⁵ See Barry Dalal-Clayton and Steve Bass (2009) The challenges of environmental mainstreaming: Experience of integrating environment into development institutions and decisions. Environmental Governance No. 3. International Institute for Environment and Development. London. Downloadable from <http://www.iied.org/pubs/display.php?o=17504IIED>

⁸⁶ One option here might be to offer 'top-up' grants from the GBSP fund if a Ministry of Tourism project meets BD criteria (same could be used MAFRD projects).

⁸⁷ Splitska Bank already applies some environmental criteria to loan applications including possession of environmental licenses and tends to avoid polluting businesses, but its criteria are general and not well defined, do not have a biodiversity focus, and at present applications for a loan do not require any special

communicate that green business is a necessity and not the luxury as the usual business models usually destroy the very conditions on which the agriculture, fisheries/mariculture and tourism sectors in Dalmatia rely⁸⁸ and that BDFB is an opportunity and not a development restriction.

233. It is also recommended that the Project try to identify key influential individuals in each of the target sectors to act as ‘champions’ to promote the Project within the business community in Dalmatia. The secondees and some of the CTEs may be able to advise on specific individuals who could be approached, but they are likely to include representatives from the Chamber of Commerce, fishermen associations, farming cooperatives⁸⁹, tourism boards, etc, in the four counties. It is suggested that the Project arrange study visits⁹⁰ for these individuals to see other successful examples of BDFBs in their sector (e.g. ecotourism in Slovenia) to enable them to better promote BDFBs and the green economy.

<i>Recommendations/tasks</i>	<i>Responsibility</i>	<i>Time frame</i>	<i>Deliverables/evidence</i>
1. Intensify existing efforts on the elaboration of parliamentary/Government regulations that relate to coastal areas	PIU, with support from UNDP CO	2010-2011	Delivery of Law on Marine Fisheries, National action plan for organic agriculture, national 'eco accreditation' scheme for the tourism sector, national action plan for the conservation of domesticated native taxa, guidelines for environmental impact assessment
2. Identify and pursue <u>new</u> opportunities for mainstreaming into existing programmes and projects in key sectors (e.g. Ministry projects and programmes) in a more proactive manner, looking to cost share to increase effectiveness and efficiency of mainstreaming	PIU, ministries, support from UNDP CO	By end 2010	List of potential programmes and projects into which COAST Project could mainstream over next 3 years. Detailed section within the Project Communication and Results Dissemination Strategy and Plan that sets out strategy for mainstreaming, target audience, methods, means, and resources needs
3. Develop specific mainstreaming strategy and plan and include in Project Communication and Results Dissemination Strategy and Plan	PIU, especially Communications Officer	By end 2010	Strategy and Plan developed and incorporated into the CRDSP
4. Identify key influential individuals in each of the target sectors to act as ‘champions’ to promote the Project within the business community in Dalmatia, and arrange study tours to see successful examples of BDFBs in their sector	PIU, secondees, ‘champions’ from the local business community	Champions identified by end 2010, with study tours in spring 2011	List of potential ‘champions’ and study tours arranged

5.2.5 'Outcome 5'/'Activity 5'

234. ‘Outcome 5’ (sometimes referred to as ‘Activity 5’, as per guidance for GEF project within Atlas) is mentioned in budget sheets attached to Project documents but appears to include management activities, although most are covered (and budgeted for) under other Outcomes. All the Project's monitoring and evaluation work and

impact assessment by the bank. This is an area where the COAST Project could provide useful support through developing criteria and guidelines for investing in BDFBs for the banking sector.

⁸⁸ The PIU commented that ‘there are "traditional" business models which do not destroy the environment’ and that ‘the real necessity is to make sure that "traditional" agriculture and business models are included within the set environmental impact limits’. However, the MTET maintains that just because something is ‘traditional’ does not mean that it does not destroy biodiversity. The problem here is that there has been relatively little research on the biodiversity of areas under different management/use regimes in Croatia, but the assumption is that ‘traditional’ is not destructive. However, as mentioned above it depends on the level of use as much as the type of land use/management.

⁸⁹ One of the GBSP recipients for instance is chairman of the wine growers association.

⁹⁰ In the MTET’s experience, study tours for local stakeholders to see demonstrations in other areas can be a valuable (and often cost-effective) tool for increasing their awareness on best practices and for sharing experience, and changing beliefs and attitudes.

project dissemination activities appear to be included within other Outcomes. It is recommended that these, together with lesson learning, are treated under a single '*Outcome 5: Learning, evaluation and adaptive management increased*'.

5.3 PROSPECTS FOR SUSTAINABILITY

235. The issue of sustainability of Project results has been considered to some extent but needs more attention, although this is not surprising given that the Project is at the mid-term point. The Project currently lacks a Project Sustainability and Exit Strategy, which needs to be developed soon. This should involve the CDAs, county administrations, supporting banks and main national Project partners.

5.3.1 Institutional and human sustainability

236. The MTE considers the prospects for institutional sustainability to be good for several reasons. First, there is a clear, agreed pathway for the transfer of management of the GBSP from the Project to the CDAs and participating banks by the end of the Project. The MTE's main concern here is which organisation will provide the necessary support to the CDAs and banks to assess the biodiversity value of future green business proposals. At present, the COAST Project's technical experts, who are contracted with Project funds, provide this. MTET interviews revealed there is some uncertainty over who will take on this role once the Projects ends – some CDAs and PIMPAs see it as their role (although the PIMPAs currently lack capacity to undertake this)⁹¹, while others saw it continuing to be provided by national-level consultants, although there will have to be a specific budget for this.

237. Second, the provision of the secondees to the CDAs is helping to build the institutional capacity needed for green business project formulation, financing, monitoring, and evaluation. The two secondees to the PIMPAs will help improve capacity to enact biodiversity conservation measures. At present, CDA secondee salaries are met from COAST Project funds but the expectation is that their host institution will take on these costs when the Project ends. However, it is not clear whether a written commitment has been made by the CDAs to permanently employ the secondees after the COAST project funding ends. Another concern here is that there may be conflicts over the CDA secondees' future workloads. At present, each CDA secondee spends an estimated 50-70% of their time on GSBP-related work, and the remainder on CDA tasks⁹². Their work programmes are agreed in meetings between senior PIU staff and the CDA directors and each secondee commented that the current arrangements and balance of tasks work well. However, their workload associated with the GBSP is likely to increase over the next two years as projects funded under the second and third Call for Proposals come on line and a situation may arise when there are competing time demands on some or all secondees. Human capacity of key partner and stakeholder organisations is also being strengthened through provision of Project tools, knowledge and training. However, there is still insufficient capacity within at least some institutions to be able to use these properly, due to insufficient staff and equipment. For instance, within the PIMPA in Dubrovnik there is insufficient GIS software to properly use the GIS layers and database provided by the Project, and the Agricultural Extension Services have only two members of staff with training in organic agriculture to cover the whole of Dalmatia. Furthermore, changes in staff following political elections due in 2012 (at the latest), issues with retention of trained, experienced staff due to low public sector wages, and retirement of key personnel, are also potential threats to institutional sustainability for the COAST Project. In order to build capacity further and achieve a critical mass of people within an organisation to ensure self-sustainability, the Project should consider a 'train the trainer' approach to training and knowledge transfer, where those receiving training through the Project are obliged to pass on their learning and experience to colleagues under a structured programme set up within the institution but supported by the COAST Project.

⁹¹ The project is currently working on this in several ways: it is establishing robust framework which recognizes the main themes/types of BDFB in Dalmatia; it is developing a portfolio of examples that can be replicated (directly or with reasonable modification); it is establishing procedures between relevant institution that hold necessary experience; and it is contributing to networking between public institutions in charge of GBSP and experts dealing with BD related to various sectors. However, the MTET notes that there is still no formal agreement on which institution(s) will take on the biodiversity assessment role.

⁹² The PIMPA secondees have a different arrangement and are essentially employed to carry out PIMPA tasks so there is no conflict with COAST Project tasks here.

238. Third, the Project has developed good relationships with most of the key partner institutions, particularly the SINP, the PIMPAs (except for the PIMPA for Split-Dalmatia county), MEPPPC, Ministry of Culture, MAFRD and its Agricultural Extension Institute, Ministry of Tourism and the State Planning Institute, which bodes well for the second half of the Project. Disappointingly though, with a couple of exceptions (Splitska Bank, Jadranska Bank, less so with HBOR judging from the MTE interview), strong relationships with the banking sector have still to be built and transfer and sustainability of the 'green business' model within the banking sector is not certain.

5.3.2 Financial sustainability

239. Unlike institutional sustainability, long-term financial sustainability is less clear at this stage. A number of stakeholders interviewed by the MTET, including national-level staff of partner institutions, had yet to be convinced of the link between biodiversity conservation/sustainable use of natural resources and economic returns (in theory, yes, but they needed to see it in practice) and unfortunately the first set of GBSP projects have not been operating long enough to demonstrate this (in addition, not all are business-orientated).

240. The current economic conditions in Croatia and global financial situation makes the successful development of organic agricultural products or local varieties, nature-based tourism, and sustainably managed fisheries, which are still widely viewed as 'niche markets', much more difficult and uncertain. There are still very small internal markets for any of these products and services (and they are not well promoted and premiums are low or non-existent) and external markets are still depressed. The COAST Project needs to give more attention to analysing markets and identifying constraints and ways to access them, and supporting product development. Better promotion of organic certification schemes by the Project and approval and introduction of the eco-tourism accreditation scheme that has been supported by the Project should help to build greater interest in these markets in Dalmatia and should be promoted more through the COAST Project.

241. In order to help strengthen the likelihood of financial sustainability for key partner institutions and GBSP recipients, the COAST Project team has also been offering advice on formulation of project proposals, which will be useful for accessing EU and other funding sources, e.g. IPARD and future agri-environment schemes. Building this capacity is very important as much of the future rural development funds for the region will come from the EU⁹³. However, support appears to have been provided on a rather *ad hoc* basis. Instead, it should be offered to the CDAs and business community through a more structured approach, such as workshops with identification of specific sources of funding, or mentoring of key individuals.

5.3.3 Social sustainability

242. The prospects for social sustainability of the Project's achievements appear relatively good, given the wide range of stakeholders involved and the Project's focus on agriculture, fisheries/mariculture, and tourism, the three main economic and therefore also social sectors in Dalmatia. Respect for the PIU staff was also noted to be very high during MTET interviews (with few exceptions), which bodes well for delivery of the remainder of the Project and achieving the long-term project aims.

243. In addition, a significant number of interviewees claimed that there was much greater awareness of biodiversity and the need for its conservation in Dalmatia due to the COAST Project. Of course, it is impossible to say exactly how much of this was due to the Project and how much due to other factors, such as increased attention on environmental issues in the media generally, and the Project has not undertaken any quantitative surveys on changes in public awareness on the environment, but many interviewees (admittedly a biased sample) were clear that the Project has increased awareness.

⁹³ Croatia will receive 350 million EU/year as part of the EU Fund for Rural Development following accession, which offers an important opportunity to promote organic agriculture, rare indigenous breeds and integrated production and agri-environmental schemes. Indeed, the COAST Project could investigate how to provide support to county administrations to develop their future agri-environmental schemes to best support biodiversity in Dalmatia.

5.3.4 Environmental sustainability

244. The Project seeks to promote nature-based or eco-tourism to the region as an alternative to the typical poor quality real-estate development (secondary homes and apartments) that has dominated the Dalmatian coast over the last 15 years, which is seen as environmentally destructive. However, as pointed out earlier, there have been no studies of the ecological carrying capacity of the environment (or even Limits of Acceptable Change, nor are the limits to 'sustainability' defined) in any part of Dalmatia. The assumption is that 'eco-tourism' will not damage the local environment, but experience from other parts of the world has shown that it can have a negative impact if too many tourists are concentrated in the same area or forced along the same trails. It is therefore recommended that any tourism development projects supported by the Project, particularly through the GBSP, undertake an assessment of the ecological carrying capacity at the target site.

245. Overall, the MTET evaluates the likely sustainability of the Project achievements as *Satisfactory*.

<i>Recommendations/tasks</i>	<i>Responsibility</i>	<i>Time frame</i>	<i>Deliverables/evidence</i>
1. Undertake an independent institutional capacity assessment of CDA, banks and PIMPAs to assess capacity to take on the GBSP, incorporate results into Sustainability and Exit Strategy, and build capacity to ensure institutional sustainability once COAST Project finished and GBSP transferred (train the trainer programme)	PIU, CDA, county administrations, banks, PIMPAs, independent consultant	By mid 2011	Sustainability and Exit Strategy document, capacity building programme for CDA, banks and PIMPAs as required
2. Clarify agreement over arrangements for assessing biodiversity value of future business proposals when Project ends	UNDP CO, CDA, county administrations, participating banks, PIU	By end 2010	Minutes of meetings where agreement reached, and recorded in Project reports
3. Produce a COAST Project Sustainability and Exit Strategy (including question of transfer of Project assets, analysis of risks to achievement and sustainability)	PIU, CDA, county administrations,	By end 2010	Sustainability and Exit Strategy document

5.4 DURATION OF THE COAST PROJECT

246. The Project was originally planned to last for 84 months (7 years), with an expected completion date of 28 February 2014. However, during the approximately two-year period between the end of the PDF-B stage (spring 2005) and the signature of the Project Document (27th February 2007), the exchange rate between the US Dollar and Croatian Kuna declined considerably, which meant the Dollar had less 'buying power' in Croatia (over the same period of time the average costs of activities associated with project implementation, slightly increased or at best remained the same). As a result, the project budget and activities were revised at the inception stage and some activities cut, and a recommendation was made to consider reducing the life of the Project from 7 to 5 years as Project funds were expected to run out in early-mid 2012 (and the PIU staff had been working on the basis of a 5-year project timeframe up till the MTE), and that the MTE should consider the length of project implementation needed to deliver the Project's objectives.

247. There are a number of issues to consider here. First, the exchange rate between the US Dollar and Croatia Kuna is still lower than during the PDF-B period⁹⁴, so budgetary constraints remain and there are very limited opportunities to increase the budget with additional co-financing from government or the private sector in the present economic climate. Second, the UNDP Croatia CO is expected to close during 2012, 1-2 years before the COAST Project is due to finish (although a definite date has yet to be set for UNDP CO closure). As pointed out earlier, this is likely to increase the risk of non- or poor delivery of Project results during the last official year of the Project (early 2014) unless another body takes on a full role of implementing agency, which, given the

⁹⁴ The Dollar-Kuna exchange rate in February 2010 stood at roughly 5.1 Kuna: 1 US Dollar.

demands on all the government partners due to the EU Accession process, seems unlikely. These points argue for completion of the Project by the end of 2012.

248. Some project activities, such as inventory work and development of action plans, are essentially complete. However, others, including mainstreaming (Outcome 4) or compliance (Outcome 3 if it is retained as an Outcome) activities will probably require 2-3 more years to complete so only finish at the end of 2013/early 2014. Similarly, the GBSP cannot be shortened to finish in 2012. Businesses in the GBSP priority sectors – agriculture, fisheries/mariculture, and tourism – usually require several years after start up before they begin to make a profit. This is especially the case in the agriculture sector. Nine GBSP-funded projects are focused on establishment or conversion to organic production of vines, olives or figs, all of which require 4-5 years before newly planted trees produce their first commercial fruit (so start producing an income⁹⁵), and they are likely to need continuing support during this period (based on Ministry of Agriculture experience of similar projects). Similarly, projects in the mariculture sector and tourism will require support for a number of years to improve their chances of becoming successful businesses. The third Call for Proposals will occur in late 2010, which means that if the COAST Project is shortened to finish in 2012, these projects will only have been running for 2 years at most. Discussions with the CDAs, secondees, Ministry of Agriculture and others indicated that withdrawing support after such a short period could cause many to collapse, which argues for continuation of the COAST Project for the full 7 years as originally envisaged. In addition, the Project’s mainstreaming activities have only really begun and it is unlikely that they could be fully achieved in less than 2 years (by end 2012).

249. Therefore, the MTE recommends that the COAST Project continues to early 2014 (the full term of the project⁹⁶), but that sufficient capacity is built within the CDAs, banks and PIMPAs to enable transfer of the GBSP from the PIU to these bodies in September 2013, which would provide a 6-month ‘transition’ period before the COAST Project finishes in February 2014 when it can still provide support/advice to these institutions on the GBSP. However, it is recognized that due to the budget constraints mentioned above, additional funding from GEF may be required to complete the Project to the original timetable. Tasks, responsibilities and the timetable for transfer of the GBSP should be detailed in the Project’s Sustainability and Exit Strategy and Plan.

250. It is also important that the Mid-term evaluation of the GBSP (see above) includes an assessment of the status of arrangements and needs for transfer of GBSP to CDAs and banks in 2013.

<i>Recommendations/tasks</i>	<i>Responsibility</i>	<i>Time frame</i>	<i>Deliverables/evidence</i>
1. COAST Project to run for full term to early 2014, but with GBSP transferred to CDAs, banks and PIMPAs by autumn 2013	PSC, UNDP CO and UNDP Bratislava, PIU, MEPPC	By early 2014 (SSE by mid-2011)	Agreement on 2014 end of Project by PSC (in minutes), details for achieving this set out in Sustainability and Exit Strategy (SSE) document

6 SUMMARY OF MTE FINDINGS AND PROJECT RATINGS

6.1 KEY ACHIEVEMENTS, IMPACTS AND FAILINGS TO DATE

6.1.1 Successes of overall Project

251. Key achievements and positive impacts of the COAST Project to date are (in no particular order):

- High quality biodiversity information on the Dalmatia region (inventories, maps, flora guide, etc) and action plans (agricultural, eco and rural tourism, native varieties/breeds, etc) which are widely available

⁹⁵ In addition, in the current recession and the relatively underdeveloped markets for BDFB products and services in Croatia, it is likely that several years will be required before many of these businesses become profitable (although the COAST Project could and should facilitate this through targeted market analysis and product developed as suggested earlier).

⁹⁶ It should be noted that almost all of the national-level staff interviewed by the MTE recommended that the Project should run for 6-7 years.

and fill a significant 'information gap' as far as the nature conservation agencies are concerned', particularly on the biodiversity of key islands off the Croatian coast which have been very poorly surveyed in the past;

- Support provided by Project towards more detailed elaboration of the National Ecological Network, which focused on the 'gaps between protected areas' but have also made a significant contribution to the NATURA 2000 process (greatly valued by the national and county level nature conservation agencies);
- Information and workshops which have raised awareness among physical planners of the need to give greater prominence to biodiversity conservation needs in physical plans ("Project results will be used in regional and strategic plans because they are of such high quality");
- Capacity building within the four CDAs and two PIMPAs (Dubrovnik-Neretva and Sibenik-Knin) with the successful integration of secondees (again, highly valued by these institutions, and also provides a very good channel/privileged access to the CDAs for the COAST Project and UNDP and could facilitate mainstreaming of Project results into key county level decision-making processes);
- The establishment of a GBSP in each of the four counties – it is innovative and experimental, and has had to overcome a general culture of inertia and lack of initiative (several interviewees commented on this), although still unproven (GBSP only established in 2009);
- The GBSP support involves a new partnership arrangement between county administrations, their CDA, regional and national commercial banks and the UNDP Coast Project, which may be a model for future small-scale business development projects for the agriculture, fisheries/mariculture and tourism sectors in Dalmatia;
- Mariculture is a potentially important low impact business for the coastal areas of Dalmatia which could become a major industry and the GBSP is developing a set of good models that will help demonstrate the potential;
- Significantly raised awareness (according to some interviewees) of the value of the environment⁹⁷, potential damage to Dalmatia due to uncontrolled development e.g. mass tourism, and need for sustainable development, among some stakeholder groups, although some interviewees still need convincing and it is unclear to what extent this new awareness and knowledge will actually change attitudes and behaviours, which is much more difficult to alter⁹⁸;
- The creation of very good networks and working partnerships (few exceptions, e.g. PIMPA in Split) and the opportunity to bring together different stakeholders who would not normally meet to exchange ideas and better understand each others positions and needs, especially at the county level;
- An innovative inventorisation and assessment methodology was developed and tested as part of the analysis that can be used to derive an overall 'landscape diversity index';
- Good relationships with most stakeholder groups, especially with agricultural sector and with the fisheries sector, which is very conservative and difficult to access in Croatia, although relationships with tourism less developed at MTE stage.

252. It should be noted that many of these achievements and impacts are not directly measured by the Project's logframe indicators.

253. The main failings identified by the MTE are that:

- The original project design was too complicated with too many elements and not coherent - the Outcomes and Objective are poorly worded, the Outputs are confusing, there is a poor set of logframe indicators (not SMART and some don't connect with the Objective or Outcome), and the AWP (derived from logframe) are complicated with many activities duplicated or under the wrong Output making it difficult to understand how everything fits together;
- There are weaknesses in the design and operation of the GBSP, especially regarding delay over evaluating applications and whether the project will be able to demonstrate financially viable businesses and benefits to biodiversity from the GBSP projects before it ends in 2013 (the length of time to show results from the

⁹⁷ Environment is most related to waste management, climate change and water in Dalmatia, probably as a result of awareness-raising campaigns, and much less so biodiversity (which is usually most associated with protected areas), a point expressed strongly by some interviewees.

⁹⁸ This is perhaps the biggest problem facing the conservation movement globally. A parallel can be found in the health sector. Packets of cigarettes carry a warning that 'Smoking kills', but even though smokers know that smoking is dangerous, they continue. In other words, knowledge and awareness are not enough to change deep-seated behaviours (Western-style 'development' has been likened to an addiction).

GBSP, especially in the agricultural sector, does not appear to have been seriously considered when the GBSP was designed);

- Most GBSP applications have been for grants not loans and the success and sustainability of the partial guarantee and loans scheme is not certain;
- There is inadequate communication and information dissemination on the Project and its key messages - the Project is not well understood at the national level, in part because it's so complex and the Project structure very messy although better at county level (unclear to what extent at municipal level), and few people really seem to understand the idea of 'green business' or potential economic or social benefits from biodiversity conservation (and not one person outside of SINP or the PIMPAs said that their main measure of success would be that the local situation for biodiversity would be improved);
- The COAST Project's overall contribution to conservation of globally important biodiversity is not very clear and needs to be detailed (issue of whether GBSP agriculture projects on abandoned land would benefit biodiversity was raised by GEF Council)⁹⁹ and unfortunately there is only one (inadequate) biodiversity impact indicator in the logframe and no GBSP projects have biodiversity indicators attached so the Project is not adequately measuring this at the moment.
- There still appears to be a relatively low level of interest and engagement by the banking sector (e.g. lack of follow-up of banks after Zagreb workshops), although even the full engagement of the two banks (Splitska and Jadranska Bank) would be a success if they do integrate financing for BDFBs into work practices by end of Project¹⁰⁰.
- There is inadequate capacity and overlapping roles and responsibilities within the PIU team, and a major problem with office space which impedes effectiveness and efficiency;
- Lesson learning on the Project has so far been weak, with no specific lesson learning activities outside of reporting 'best practice' in PIRs, or mechanisms for incorporation of lessons learned back into project planning, implementation, and management such as annual project retreat.

6.1.2 Individual views of Project stakeholders on success and failure

254. All interviewees were asked what they personally saw as the 'successes' and 'failures' of the Project, as well as its strengths and weakness. Answers were collated and are given in Annex 12. Many of the perceived successes and failures are similar or overlap and repeat but the full list of replies is given to show the range of opinions provided by interviewees. The list illustrates that many Project's achievements and impacts are not captured by the standard GEF monitoring and evaluation process (attainment against logframe targets), but are nevertheless important. It should be noted that the list of successes is longer than that of the failures. Opinions on the successes and failures of the GBSP were also recorded from the GBSP recipients interviewed, although few had opinions because they had only recently started their projects.

6.2 PROJECT RATING

6.2.1 Summary ratings of main project elements

255. Summary ratings for the design and implementation of the COAST Project are given in Table 11 below.

Table 11: Summary ratings for main project elements

PROJECT COMPONENT OR OBJECTIVE	EVALUATION					
	HS	S	MS	MU	U	HU

⁹⁹ The MTET was shown photographs by one interviewee of agricultural land before and after clearance for a vineyard funded through the GBSP - before clearance a complex shrub type habitat with clearly high biodiversity, afterwards a barren, rocky habitat with clearly less biodiversity (measured in number of species). Although it is likely that the latter (cleared) area is more attractive to species of more concern for conservation, such as wall lizard, there is no attempt to demonstrate that the GBSP project is leading to this.

¹⁰⁰ The PIU commented that 'Currently we are accumulating experiences (with Jadranska and Splitska banka) that will hopefully be ready for presentation and associated scale-up sometimes in 2011.'

PROJECT FORMULATION						
Conceptualization/Design						
Stakeholder participation						
PROJECT IMPLEMENTATION						
Implementation Approach						
The use of the logical framework						
Adaptive management						
Use/establishment of information technologies						
Operational relationships between the institutions involved						
Technical capacities						
Monitoring and evaluation						
Stakeholder participation						
Production and dissemination of information						
Local resource users and NGOs participation						
Establishment of partnerships						
Involvement and support of governmental institutions						
PROJECT RESULTS						
Attainment of Outcomes/ Achievement of objectives						
Achievement of objective						
Outcome 1						
Outcome 2						
Outcome 3						
Outcome 4						
OVERALL PROJECT ACHIEVEMENT & IMPACT						

Note: * HS = Highly satisfactory; S = Satisfactory; MS = Marginally satisfactory; MU= Marginally unsatisfactory; U = Unsatisfactory; HU = Highly unsatisfactory

6.2.2 Overall Project rating

256. Overall, the MTE evaluates the project 'Conservation and Sustainable Use of Biodiversity in the Dalmatian Coast through Greening Coastal Development - COAST' as *Marginally Satisfactory*. The weaknesses in the original design of the Project and in particular the formulation of the objective, outcomes and outputs, poor set of indicators and confused set of activities set out in the Annual Work Plans, and the lack of measurement of the impact of the Project's 'green business' model on globally important biodiversity prevented the MTET from awarding a *Satisfactory* rating for this stage of the Project. However, the MTET believes that the COAST Project has the potential to be a very good project and reach at least a *Satisfactory* rating at the Final Evaluation stage if the design is simplified and refocused with a revised logframe and better set of indicators, Project team capacity increased, communication and project dissemination improved and crucially if the GBSP model can demonstrate it can deliver both biodiversity and financial benefits.

7 SUMMARY OF RECOMMENDATIONS

257. A summary of the recommendations from the main text is given below.

Overall Project strategy and design

1. Agree and confirm principle that the wording of the Project Objective and Outcomes can be revised, unnecessary Outputs and activities can be cut and/or moved to more relevant Outcomes, and indicators can be revised, with activities related to forest conservation and water quality cut and their budgets reassigned.
2. Review and reorder logframe with smaller set of activities and Outputs under reworded Outcomes and Objective, with an additional Outcome 5 to capture all project management, monitoring and evaluation, lesson learning and project results

dissemination (made Atlas friendly), and improved set of (SMART) indicators, with additional biodiversity indicators and forest and water quality activities cut from Project, and budgets reassigned.

3. Approve and endorse the revised logframe and indicators and cut forest and water quality activities from Project
4. Include new targets and changed activities (rearranged under new listing of Outcomes and Outputs) in Annual Work Plan

Design and operation of GBSP

1. Review and revise criteria for selection of GBSP projects with greater detail on what constitutes a priority for funding (priority habitats, species, domesticated taxa, areas, etc, identified in a short guide) and focus on supporting direct development of green businesses
2. Ensure experts only grade proposals for those criteria that are relevant to their own field
3. Develop and assign at least one SMART biodiversity and business/financial indicator for each GBSP project and reconstruct baseline for those which currently do not have them
4. Establish a simple monitoring programme for the new biodiversity and business/financial indicators for the GBSP projects and provide training to the GBSP recipients to carry out the monitoring¹⁰¹.
5. Establish a small, unrestricted fund within the general GBSP budget to develop ideas that would benefit multiple GBSP projects and help promote green business generally in Dalmatia, e.g. birdwatching
6. Agree on cap to overall funding for GBSP infrastructure projects, with no funding for road developments or upgrades and only allow funding for buildings through loan scheme (NOT grants)
7. Develop a simple biodiversity and business/economic value assessment system for GBSP project applications (published as a guide), based on clear and detailed criteria, for use by the GBSP host institutions when they take over the GBSP at the end of the Project, with training workshop and provision of necessary data/analyses to ensure effective implementation
8. Undertake a detailed market analysis of the likely demand and opportunities for BDFBs in the three target sectors in Croatia with a cost-benefit analysis comparing BDFBs with standard business models
9. Undertake a Mid Term Evaluation in late 2012, and a post-Project evaluation of the GBSP in 2016 (5 years after the last agricultural project funded under the third Call for Proposals begins)

Relevance

1. Repeat analysis of EU Accession requirements relevant to the COAST Project, how current baseline includes actions taken by Croatia as part of its EU Accession requirements, and incremental of COAST Project
2. Agree and confirm limits to COAST Project involvement with activities that might be seen as directly support EU Accession process

Project oversight

1. Discuss feasibility and desirability increasing number of PSC to two or three times a year from current annual meeting, and change meeting frequency¹⁰²
2. Review composition of PSC and agree on changes (e.g. loss of Croatian Forests and Croatian Waters, addition of NGO(s) and representative from the Dalmatia business community)
3. Expand membership of PSC to include at least one NGOs from the Dalmatia region, and a representative from the Dalmatian business community (one each from agriculture, fisheries/mariculture and tourism sectors chosen from Chamber of Commerce)

Stakeholder participation and public involvement during Project implementation

1. Develop a 3-4 page, illustrated, 3-monthly newsletter, that is available for download from Project website and in hard copy, with distribution to all major stakeholders (both to individuals and their institutions)
2. Review English summaries of all COAST Project documents to ensure accurate and readable translations
3. Review use of Focus Groups for facilitating mainstreaming in Croatia and establish if considered effective¹⁰³

¹⁰¹ The UNDP CO commented that 'Lots of them do not have interest nor university degrees (of any university) to carry out biodiversity monitoring. This should be done by an external expert/advisor'. However, the MTET feels that simple monitoring systems could be devised to be carried out by GBSP recipients (but with the results analysed by experts) and built into GBSP project reporting, and that this would help bring a better understanding of the impact of business on biodiversity and value of biodiversity generally among GBSP recipients and probably increase their support for BDFB in their local community.

¹⁰² UNDP Croatia pointed out that this recommendation is viewed as unnecessary bureaucracy and it is unlikely that the State Secretary/National Project Director would be attend on each occasion, and commented that 'PSC are not good opportunity for open discussion, just for decision taking. Discussions are happening before/after PSC and what is agreed is confirmed during the next PSC'. Nevertheless, the MTET believes the issue should be raised at the next PSC meeting because of the requests made from various PSC participants for more frequent meetings.

Project direction, management and execution

1. Review and revise tasks of DPM and transfer most of duties relating to GBSP (all of technical but leaving an oversight role) to the Project Associate (Economics), and increase role of DPM at the national level (for mainstreaming activities)
2. Increase staffing of PIU - recruit two additional members of staff at the PIU – a Project Associate - Communications and Public Relations, and a part-time Project Assistant (Economist) to support the existing full-time Project Associate (Economics)
3. Revise ToRs and contracts of all PIU staff and rebalance responsibilities and tasks
4. Establish fixed programme of regular (monthly or every two months) meetings for exchange of information and experiences, GBSP team building and mentoring
5. Undertake a formal and independent career development and professional training needs analysis for all PIU staff and secondees and arrange the staff
6. Rent new office space and relocate PIU office either as a group to a new office or split into two with some staff remaining in the existing office and the others moved to another site close by
7. Purchase a fire-proof safe for storing one of the Project's two hard drives and ensure that kept in locked safe each night

Adaptive management framework

1. Establish monthly Project progress reporting system, including a brief financial report, discussion of risks and any problems which have arisen in the previous month, and plan for the next month's activities.
2. Ensure all meetings at which the individual GBSP proposals are discussed and approved are minuted so it is clear how decisions have been made
3. Ensure that the whole of the GBSP application and selection process, is properly documented including a more detailed explanation of how co-financing was calculated for individual projects to be given in quarterly reports.
4. Carry out a separate risk identification and mitigation analysis for the GBSP and improve risk analysis of individual GBSP projects
5. Update the Atlas risk matrix with the additional project risks identified by the MTE
6. Revise the AWP for 2010-2011 so that activities are placed under their relevant Outputs and no activities are repeated between Outputs or Outcomes.
7. Establish a formal, structured lesson learning exercise, to take place as part of an annual Project retreat

Project Communication

1. Develop new COAST Project Communication and Results Dissemination Strategy and Plan (CRDSP)
2. Contract external web design company to review and redesign Project website to make it more attractive and useful for promoting Project results, with promotion of the new site to the Project's stakeholders

Project partnerships and linkages with other interventions within the sector

1. Arrange meeting with PIMPA Split-Dalmatia, at PIMPA office in Split to find resolution to PIMPA complaint to Government over the COAST Project, develop better relationships and identify potential joint activities
2. Copy suggested monthly Project reports to EPEEF and invite them to sit on the GBSP Selection Committee as an observer
3. Review and establish linkages with other relevant interventions in agriculture, fisheries/mariculture, tourism and biodiversity conservation sectors for more collaboration and cooperation and to share experience, lesson learning and examine opportunities for joint activities and cost sharing
4. Establish a 'GBSP network' linking all existing GBSP together with their own newsletter, email list and host an annual meeting of all GBSP members within a county

Input by UNDP (CO, regionally and globally)

1. Introduce standard BTOR form for UNDP Croatia CO staff to complete after each project supervisory mission, following the model used by the UNDP-GEF RTA, with copies of each completed form attached to the UNDP quarterly progress reports and reports to GEF
2. Increase 'soft assistance' provided by UNDP CO to facilitate mainstreaming of Project results in decision-making processes at national level

¹⁰³ The PIU commented that 'Instead of multipurpose Focus Groups, the Project aims to establish sectoral associations as a more practical solution' and Leader Groups 'will be introduced as preparation for EU rural development funding opportunities'.

Disbursements and financial management

1. Upgrade old computer and software currently being used by Project Administrative/ Financial Assistant
2. Include trained economists or SME experts among the PIU and CDA members of the 'Commission for approval of partial guarantees', and expand Commission to include a representative from the participating bank.
3. Cancel establishment of second 'Supervisory Commission'
4. Reallocate some of the technical assistance financing for the GBSP to the grants and/or PGL scheme
5. Recalculate co-financing for each GBSP project using co-financing figures based on costs no more than two years old, and limited to only the 28 projects that have already signed a GBSP contract
6. Analyze the needs for grants in the four counties for each specific sector in case the PGL scheme is not fully spent in next two years
7. Inform current GBSP recipients of the arrangements and eligibility requirements for a PGL scheme and explore such opportunities directly with existing GBSP projects

Achievement of Project Outcomes and delivery of Project results

Outcome 1

1. Transfer the GBSP project '*Assessment of the abundance and distribution of dolphins in the Vis archipelago and recommendations for conservation and sustainable use of identified areas of special BD value / importance*' (project 2004210) from the GBSP to the general COAST Project, along with its budget.
2. Fully document the GBSP application and selection process to date and include a detailed analysis of rejected applications – why they were rejected, what lessons can be learned from this and how the GBSP application process can be improved
3. Change the current staged Call for Proposals to a permanently open Call
4. Undertake lesson learning exercise of other small grants programmes and partial guarantee and loans schemes then review the GBSP application and evaluation process, including the forms (done in a participative manner with the GBSP recipients) to identify where the bottlenecks are occurring and revise system to reduce maximum application and evaluation time to 6 months.
5. Ensure that all applicants are kept informed of the progress of their application

Outcome 2

1. Commission study of economic, social and environmental importance of BDFBs (focusing on agriculture, fisheries/mariculture and tourism sectors) - general review, with regional and Croatia-specific examples
2. Increase awareness-raising activities to educate GBSP recipients about linkage between business and biodiversity, how business is reliant on biodiversity in the three target sectors, and how business can promote biodiversity goals
3. Engage in a more proactive approach to the banking community at national and county level, with development of a strategy for how best to engage the banks and a series of targeted follow-up meetings to the workshop held in Zagreb in 2009
4. Develop a specific strategy and plan for how to generally improve the investment climate for BDFB in Dalmatia
5. Develop and organize a specific training course for HAMAG-licensed consultants with an interest in BDFB

Outcome 4

1. Intensify existing efforts on the elaboration of parliamentary/Government regulations that relate to coastal areas
2. Identify and pursue new opportunities for mainstreaming into existing programmes and projects in key sectors (e.g. Ministry projects and programmes) in a more proactive manner, looking to cost share to increase effectiveness and efficiency of mainstreaming
3. Develop specific mainstreaming strategy and plan and include in Project Communication and Results Dissemination Strategy and Plan
4. Identify key influential individuals in each of the target sectors to act as 'champions' to promote the Project within the business community in Dalmatia, and arrange study tours to see successful examples of BDFBs in their sector

Sustainability

1. Undertake an independent institutional capacity assessment of CDA, banks and PIMPAs to assess capacity to take on the GBSP, incorporate results into Sustainability and Exit Strategy, and build capacity to ensure institutional sustainability once COAST Project finished and GBSP transferred (train the trainer programme)
2. Clarify agreement over arrangements for assessing biodiversity value of future business proposals when Project ends

3. Produce a COAST Project Sustainability and Exit Strategy (including question of transfer of Project assets, analysis of risks to achievement and sustainability)

Duration of COAST Project

1. COAST Project to run for full term to early 2014, but with GBSP transferred to CDAs, banks and PIMPAs by autumn 2013

8 LESSONS LEARNED

258. There have been no specific lesson learning exercises during Project implementation to date, but the MTE has identified a number of preliminary lessons learned (including best practices, worst practices) relevant to other GEF and UNDP projects (in no particular order).

General

- Awareness is not enough - for effective mainstreaming, information needs to be tailored to its users so they can employ it easily - projects need to understand better how people use information to make decisions
- The COAST Project has been vulnerable to exchange rate transactions. This is common for GEF projects as budgets are made in US Dollars. GEF and UNDP need to consider some form of protection or 'hedge' for such eventualities to better protect against this kind of external risk, such as currency conversions or short-term deposits yielding high interest, that are compatible with UNDP and GEF administrative regulations
- Employing the manager from the project design stage for a GEF project (in the COAST Project's case, the PDF-B manager) can help project staff employed for the implementation phase to better understand a project and the rationale behind the design of its various elements, and help build strong partnerships from the very start of implementation phase (it is suggested that this is made standard practice for all GEF projects)
- GEF and UNDP should include an independent review at the inception stage for all projects in its project M&E framework, especially if a project is highly innovative or using an untested approach or there is little experience of the project type in the regional office. Design flaws in the COAST Project were not corrected at the inception stage and have persisted in the Project and reduced project effectiveness and efficiency
- Most GEF projects have problems with UNDP rules, procedures and protocols, and whilst UNDP COs sometimes acknowledge that they can negatively impact projects, as an organisation UNDP does not seem to be able to address this. Unfortunately, it is seen by many (especially in the NGO community) as one of the 'comparative disadvantages' of working with UNDP. It would be a valuable lesson learning exercise if UNDP Headquarters commissioned an independent analysis of the impact of UNDP rules and procedures on the implementation and efficiency of its GEF projects, in order to help create more effective procedures (and happier project teams) since this is likely to deliver better results in the long run
- PIRs should include a more detailed and robust analysis of how project is contributing to the conservation and sustainable use of globally important biodiversity
- Without a clear hierarchical structure to a project with achievement of Outputs leading to achievement of Outcomes which then lead to achievement of the project's Objectives, monitoring, reporting and assessment of progress and identification of problems becomes more time-consuming and inefficient and makes for less effective projects – a simple coherent measurable logframe is critical for complex GEF projects and helps keep a project focused, whereas a bad one creates confusion and wastes valuable time and resources
- Measuring success and failure using a logframe is limited – GEF projects need to assess other dimensions of success and in particular the views of stakeholders on project success and failure. The COAST Project has a flawed set of indicators nevertheless it has already delivered real meaningful achievements
- Following long delays between proposal submission and project start-up, it is important that projects staff pay particular attention to managing and readjusting expectations of stakeholders generated during the project design phase, especially over the issue of the distribution of funding for project activities, or project partner relationships can be damaged

- Having a local project office with local staff is crucial if you want to win over local stakeholders – without one, projects are often viewed as ‘outsiders’ and find it more difficult to engage successfully with local stakeholder groups. However, it is also necessary to have an effective presence in the capital if a project needs to maintain important political connections, and particularly if it has national-level mainstreaming targets, where access to key individuals and processes is essential. Communications and relationships with some national-level government institutions have weakened since the loss of the Zagreb-based DPM in 2008, which will need to be rebuilt if the COAST Project is to achieve its mainstreaming aims
- Good projects have good communication between participants and project staff and the staff between each other, with high number of face-to-face contacts. This often requires significant investment in terms of time and resources (which need to be adequately budgeted for but is often minimized during project design) to maintain good communication but it pays dividends in the end
- Invest in good managers to run your GEF project – they don’t need to be biologists. In fact, people with other backgrounds may be more likely to manage a project well – the key skills a good project manager needs are good interpersonal communication, good organizational skills, ability to adapt to changed circumstances and creativity.

GBSP

- Project design specialists need to take into account social/cultural attitudes towards business and financing when designing financial schemes for projects. In the COAST Project case, the prevailing mentality of the public/businesses is to rely on non-market supports (i.e. donations, grants) which probably explains why so few applicants for the GBSP applied for loans
- Most of the applicants to the first Call of Proposals for the GBSP applied for grants, very few applied for loans. Mixing a small grant scheme with a bank loan arrangement is not likely to help promote the loan arrangement even if it is offered at a competitive interest rate because, for most applicants, grants are straightforward, risk-free and less effort to administer
- When implementing a business development programme such as the GBSP, it is important to have an experience economist/business advisor as part of the team from the start
- The best way to convince people is to show rather than tell them and play down theory and abstract concepts, but in order to demonstrate success a project needs to have measurable (so SMART) indicators that can show changes (impact) and these need to be monitored and the results promoted, and monitoring activities should be built in at the design stage with a separate budget and capacity building to undertake monitoring if needed
- Supporting projects in the agricultural sector requires a particularly long commitment and design specialists need to be aware of this and work on a 5- to 10-year time scale before results (financial/business viability) can be demonstrated

259. In addition to these lessons learned, the MTET also identified ‘strengths’ and ‘weaknesses’ of the GBSP, which can be considered as features of ‘good’ and ‘poor practice’ (see Annex 12).

9 ANNEXES

1. MTE Terms of Reference
2. Itinerary of MTE
3. List of documents reviewed by the MTET
4. List of people interviewed
5. Analysis of original project Objective and Outcomes and suggested reformulations
6. Analysis of Project Outputs with suggested changes to wording
7. Analysis of the COAST Project’s logframe indicators
8. Revised Logical Framework Matrix for COAST Project
9. Summary of application and evaluation process for GBSP projects
10. Disbursement of main co-funding to 31st December 2009 (US\$) (figures rounded)
11. List of approved and contracted GBSP projects at time of MTE
12. Opinions of success, failures, strengths and weakness of COAST Project recorded during MTET interviews (transcribed from interview notes)

COAST MTE Report Annex 1: MTE Terms of Reference

**Terms of Reference for the Mid-term International Evaluator – Team Leader of the
UNDP/GEF Project**

**“Conservation and Sustainable Use of Biodiversity in the Dalmatian Coast through
Greening Coastal Development - COAST”
ATLAS PROJECT ID: 00050301
PIMS 2439**

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1. INTRODUCTION

a. Standard UNDP/GEF Monitoring and Evaluation requirements

This Mid Term Evaluation is initiated by the UNDP Croatia as the Implementation Agency for this project and it aims to provide managers (at the Project Implementation Unit, UNDP Croatia Country Office and UNDP/GEF levels) with strategy and policy options for more effectively and efficiently achieving the project's expected results and for replicating the results. It also provides the basis for learning and accountability for managers and stakeholders.

This evaluation is to be undertaken taking into consideration the GEF Monitoring and Evaluation policy (<http://thegef.org/MonitoringandEvaluation/MEPoliciesProcedures/mepoliciesprocedures.html>) and the UNDP/GEF Monitoring and Evaluation Policy (<http://www.undp.org/gef/05/monitoring/policies.html>).

The Monitoring and Evaluation (M&E) policy at the project level in UNDP/GEF has four objectives: i) to monitor and evaluate results and impacts; ii) to provide a basis for decision making on necessary amendments and improvements; iii) to promote accountability for resource use; and iv) to document, provide feedback on, and disseminate lessons learned. A combination of tools should be used to ensure effective project M&E. These might be applied continuously throughout the lifetime of the project – e.g. periodic monitoring of indicators -, or as specific time-bound exercises such as mid-term review, audit reports and independent evaluations.

In accordance with UNDP/GEF M&E policies and procedures, all projects with long implementation period (e.g. over 5 or 6 years) are strongly encouraged to conduct mid-term evaluations. In addition to providing an independent in-depth review of implementation progress, this type of evaluation is responsive to GEF Council decisions on transparency and better access to information during implementation.

Mid-term evaluations are intended to identify potential project design problems, assess progress towards the achievement of objectives, identify and document lessons learned (including lessons that might improve design and implementation of other UNDP/GEF projects), and to make recommendations regarding specific actions that might be taken to improve the project. It is expected to serve as a mean of validating or filling the gaps in the initial assessment of relevance, effectiveness and efficiency obtained from monitoring. The mid-term evaluation provides the opportunity to assess early signs of project success or failure and prompt necessary adjustments.

The evaluation will play a critical role in the future implementation of the project by providing advice on: (i) how to strengthen the adaptive management and monitoring function of the project; (ii) how to ensure accountability for the achievement of the GEF objective; (iii) how to enhance organizational and development learning; and (iv) how to enable informed decision – making.

The evaluation will have to provide to the GEF Secretariat complete and convincing evidence to support its findings/ratings. The consultant should prepare specific ratings on main aspects of the project, as described in this Terms of Reference. Particular emphasis should be put on the current project results and the possibility of achieving the objective and outcomes in the established timeframe, taking into consideration the speed, at which the project is proceeding.

b. Project objectives

The overall goal of the project is to effectively transform actions, practices and approaches of private operators in the tourism, agriculture and fisheries sectors in the four coastal counties, in part by influencing the banking sector, and thereby mainstream biodiversity conservation into these sectors.

This project will help Croatia seize a unique and short-lived opportunity to improve the conservation of globally significant biodiversity in the Dalmatian coastal region before tourism and related economic development cause irreversible damage to the ecosystems. The project will remove barriers to transforming socio-economic sectors and so unleash positive forces for sustainable use of biodiversity. The project, with GEF and multi-source co-financing, will also have important impacts on income generation and sustainable livelihood.

The project will work at three levels. At the local or demonstration level, the project will demonstrate barrier removal at four demonstration landscapes. At the county level, the project will use the results of the demonstration to transform the productive sectors across the four counties - using both market-based and regulatory approaches. Notably, the project will work with key stakeholders in the banking sector, creating innovative banking sector tools to support sustainable use of biodiversity. At the national level, the project will directly strengthen the national-level enabling environment. At all levels, the project will determine approaches to reducing conflicts across the project area.

Finally, the project will implement specific activities to ensure dissemination duplication and replication of project successes. Although there will be some trade-offs, economic development will continue and globally important ecosystems will be protected. Due to the distribution of biodiversity in coastal Croatia, only a small amount of biodiversity can be realistically protected through standard Protected Areas. Hence, this project has been strategically designed to assure the sustainable use of biodiversity lying outside of Protected Areas. This complements national efforts to improve management of Protected Areas.

Details of a particular outcome can be seen in the Logical Framework Matrix (annex 2 of this ToR). The main outcomes of the project are as follows:

Outcome 1 Biodiversity-friendly development is demonstrated in four small, globally important, productive landscapes

Outcome 2 An improved investment climate for BD-friendly enterprises across the four counties

Outcome 3 Compliance with biodiversity-related regulations has increased significantly across all sectors across the four counties

Outcome 4 A national-level enabling environment that appreciates, supports, institutionalises and disseminates biodiversity-friendly development in coastal areas

The key stakeholders for the implementation of this project are:

The project is executed by the Ministry of Environmental Protection, Physical Planning and Construction (MEPPPC). Project Steering Committee oversee the project implementation. The PSC membership includes representatives of concerned Ministries and other relevant institutions, as well as representatives of the four counties from the project area.

Planned project duration: 7 years

Project location: four Dalmatian counties (Dubrovnik-Neretva (1), Split-Dalmatia (2), Sibenik-Knin (3), Zadar (4))

Project demo areas: (1) – Peljesac Peninsula, Dubrovacko primorje, Malostonski Bay and Malo More (2) – Vis Island and the nearby remote islands, (3) – Krka Estuary (including town of Sibenik, St. Ante channel, Prvic, Zlarin and Krapanj islands, (4) – Northwest part of the county (including part of Pag island and Novigradsko and Karinsko more).

Project Implementation Unit based in Split consists of 5 project team members. Overall management of the project is the responsibility of Project Manager, who is a full time employee of the project.

Project website: <http://www.undp.hr/coast>

2. OBJECTIVES OF THE MID TERM EVALUATION

The evaluation is intended to provide a comprehensive overall assessment of the project and provides an opportunity to critically assess administrative and technical strategies issues and constraints associated with large international and multi-partner initiatives. The evaluation should also provide recommendations for strategies, approaches and/or activities to improve the potential of the Project to achieve expected outcomes and meet the objective within the Project timeframe. Findings of this evaluation will be incorporated as recommendations for enhanced implementation of the current project phase in the future years.

The purpose of the Mid-Term Evaluation is:

- To assess overall performance against the Project objective and outcomes as set out in Project Document and other related documents
- To assess the effectiveness and efficiency of the Project
- To analyze critically the implementation and management arrangements of the Project
- To assess the progress to date towards achievement of the outcomes;
- To review planned strategies and plans for achieving the overall objective of the Project within the timeframe;
- To inspect the possibility of the shorter implementation period (more realistic timeframe)
- To assess adaptive management arrangements
- To assess the sustainability of the project's interventions.
- To list and document initial lessons concerning Project design, implementation and management
- To assess Project relevance to national priorities
- To provide guidance for the future Project activities and, if necessary, for the implementation and management arrangements.

In particular, this evaluation will assess progress in establishing the information baseline, reducing threats, and identifying any difficulties in project implementation and their causes, and recommend corrective course of action. Effective action to rectify and identify issues hindering implementation will be a requirement prior to determining whether implementation should proceed.

Project performance will be measured based on Project's Logical Framework Matrix (see Annex 2), which provides clear performance and impact indicators for project implementation along with their corresponding means of verification. Many of these indicators relate to the mainstreaming of biodiversity conservation into tourism, agriculture and fisheries sectors. Success and failure will be determined by taking into account adjustments to the project strategy, as reflected in the Project Inception Report.

The Report of the Mid-Term Evaluation will be stand-alone document that substantiates its recommendations and conclusions.

3. SCOPE OF THE MID-TERM EVALUATION – SPECIFIC ISSUES TO BE ADDRESSED

Mid-term evaluation should address the following criteria, as outlined in the MTE Report. Mark (R) in front of a certain criteria means that, in addition to a descriptive assessment, it should be rated according to rate table in Annex 3 of this TOR.

Project Formulation

- Conceptualization/Design (R). This should assess the approach used in design, the level of appropriate definition of problems and barriers to mainstreaming of biodiversity into Croatian productive sectors and whether the selected intervention strategy addressed the root causes and principal threats in the project area. It should also include an assessment of the logical framework and whether the different project components and activities proposed to achieve the objective were appropriate, viable and responded to national market, institutional, legal and regulatory settings of the project. It should also assess the indicators defined for guiding implementation and measurement of achievement. Taking into consideration the quality of the original logframe and indicators, the evaluator is asked to pay particular attention to the revised logframe, and recommendations for its improvement if necessary.
- Country-ownership/Driveness. Assess the extent to which the project idea/conceptualization had its origin within national, sectoral and development plans and focuses on national environment and development interests.
- Stakeholder participation (R) Assess information dissemination, consultation, and “stakeholder” participation in design stages.
- Replication approach. Determine the ways in which lessons and experiences coming out of the project were/are to be replicated or scaled up in the design and implementation of other projects.

Project Implementation

Implementation Approach (R). This should include assessments of the following aspects:

- The use of the logical framework as a management tool during implementation and any changes made to this as a response to changing conditions and/or feedback from M and E activities if required.
- Other elements that indicate adaptive management such as comprehensive and realistic work plans routinely developed that reflect adaptive management and/or; changes in management arrangements to enhance implementation. Are those work plans results based¹⁰⁴? If not, suggest ways to re-orientate work planning.
- The project's use/establishment of electronic information technologies to support implementation, participation and monitoring, as well as other project activities.
- The general operational relationships between the institutions involved and others and how these relationships have contributed to effective implementation and achievement of project objectives.
- Technical capacities associated with the project and their role in project development, management and achievements.
- Risk Management: Validate whether the risks identified in the project document, inception report, PIRs and the ATLAS Risk Management module are the most important and whether the risk ratings applied are appropriate. If not, explain why. Describe any additional risks identified and suggest risk ratings and possible risk management strategies to be adopted.
- Assess the project's risk identification and management systems: Is the UNDP/GEF Risk Management System¹⁰⁵ appropriately applied? How can the UNDP/GEF Risk Management System be used to strengthen project management?
- Assess the Underlying factors beyond the project's immediate control that influence outcomes and results. Consider the appropriateness and effectiveness of the project's management strategies for these factors. Suggest corrective actions.
- Management of the UNDP Country Office: Assess the role of UNDP against the requirements set out in the UNDP Handbook on Monitoring and Evaluating for Results. Consider: Field visits;

¹⁰⁴ RBM Support documents are available at <http://www.undp.org/eo/methodologies.htm>

¹⁰⁵ UNDP-GEF's system is based on the Atlas Risk Module. See the UNDP-GEF Risk Management Strategy resource kit, available as Annex XI at <http://www.undp.org/gef/05/monitoring/policies.html>

Steering Committee/TOR follow-up and analysis; PIR preparation and follow-up; GEF guidance. Consider the new UNDP requirements outlined in the UNDP User Guide¹⁰⁶, especially the Project Assurance role, and ensure they are incorporated into the project's adaptive management framework. Assess the contribution to the project from UNDP "soft" assistance (i.e. policy advice & dialogue, advocacy, and coordination). Suggest measures to strengthen UNDP's soft assistance to the project management.

Monitoring and evaluation (R):

- Assess the monitoring tools currently being used: do they provide the necessary information? Do they involve key partners? Are they efficient? Are additional tools required?
- Assessment as to whether there has been adequate periodic oversight of activities during implementation to establish the extent to which inputs, work schedules, other required actions and outputs are proceeding according to plan;
- Reporting: Assess how adaptive management changes have been reported by the project management. Assess how lessons derived from the adaptive management process have been documented.
- Whether formal evaluations have been held and whether action has been taken on the results of this monitoring oversight and evaluation reports.
- Review of the project log frame including: providing technical advice for the revision of performance indicators and realistic end-of-project targets. Assessment of the baselines, identification of sources of data and collection methods.

Stakeholder participation (R). This should include assessments of the mechanisms for information dissemination in project implementation and the extent of stakeholder participation in management, emphasizing the following:

- The production and dissemination of information generated by the project.
- Local resource users and NGOs participation in project implementation and decision making and an analysis of the strengths and weaknesses of the approach adopted by the project in this arena.
- The establishment of partnerships and collaborative relationships developed by the project with local, national and international entities and the effects they have had on project implementation.
- Involvement of governmental institutions in project implementation, the extent of governmental support of the project.
- Transfer of capacity to the national/regional institutions.
-

Financial Planning

Including an assessment of:

- The actual project cost by objectives, outputs, activities. The evaluator should include a table of planned financing and co-financing, and actual financing and co-financing.
- The cost-effectiveness of achievements
- Financial management (including disbursement issues)
- Co-financing¹⁰⁷
- Sustainability. Extent to which the benefits of the project will continue, within or outside the project domain, after it has come to an end. Relevant factors include for example: development of a sustainability strategy, establishment of financial and economic instruments and mechanisms, mainstreaming project objectives into the economy or community activities.

¹⁰⁶ The UNDP User Guide is currently only available on UNDP's intranet. However UNDP can provide the necessary section on roles and responsibility from

<http://content.undp.org/go/userguide/results/rmoverview/progprojorg/?src=print>

¹⁰⁷ Please see guidelines at the end of Annex 1 of these TORs for reporting of co-financing

- Execution and implementation modalities. This should consider the effectiveness of the UNDP and UNDP counterpart participation in selection, recruitment, assignment of experts, consultants and national counterpart staff members and in the definition of tasks and responsibilities; quantity, quality and timeliness of inputs for the project with respect to execution responsibilities, enactment of necessary legislation and budgetary provisions and extent to which these may have affected implementation and sustainability of the Project; quality and timeliness of inputs by UNDP, Government and other parties responsible for providing inputs to the project, and the extent to which this may have affected the smooth implementation of the project.

Results

- Attainment of Outcomes/ Achievement of objectives (R): How and why Outputs contribute to the achievement of the expected results of the project. Examine their relevance to specific national conditions and whether they provide the most effective route towards results. Including a description and rating of the extent to which the project's objectives (environmental and developmental) are achieved. If the project did not establish a baseline (initial conditions), the evaluators should seek to determine it through the use of special methodologies so that achievements, results and impacts can be properly established.
- This section should also include reviews of the following: Sustainability: Including an appreciation of the extent to which benefits continue, within or outside the project domain after GEF assistance has come to an end. Contribution to upgrading skills of the national staff

Recommendations

- Corrective actions for the design, implementation, monitoring and evaluation of the project
- Actions to follow up or reinforce initial benefits from the project
- Proposals for future directions underlining main objectives

Lessons learned

This should highlight the best and worst practices in addressing issues relating to relevance, performance and success.

4. PRODUCTS OF THE MID-TERM EVALUATION

The core product of the Mid-Term Evaluation will be Mid-Term Evaluation Report.

The Mid-Term Evaluation report will include at least the following content, as outlined in Annex 1:

- Executive summary
- Findings and conclusions in relation to issues to be addressed identified under the *Evaluation* section of this TOR
- Project impact assessed on:
 - The assisted institution and its staff;
 - End-users including specific groups;
- Sustainability of the project based on:
 - Commitment of the host government to the project targets
 - Involvement of the regional/local organizations (participatory process)
 - Management and organizational factors
 - Funding
 - Human resources development

The length of the mid-term evaluation report shall not exceed 40 pages without annexes, and in total not longer than 70 pages.

The report will be submitted both electronically and in printed version in English.

The draft report will be submitted to UNDP CO, UNDP/GEF Bratislava and the MEPPPC no later than 21 December 2009. Based on the feedback received from stakeholders a final report will be prepared by 25 January 2010.

The report will be supplemented by a rate table (ANNEX 3).

5. METHODOLOGY FOR EVALUATION APPROACH

This evaluation is to be undertaken taking into consideration the GEF Monitoring and Evaluation policy¹⁰⁸ and the UNDP/GEF Monitoring and Evaluation Policy¹⁰⁹

An outline of an evaluation approach is provided below; however it should be made clear that the evaluation team is responsible for revising the approach as necessary. Any changes should be in-line with international criteria and professional norms and standards (as adopted by the UN Evaluation Group¹¹⁰). They must be also cleared by UNDP before being applied by the evaluation team.

The evaluation must provide evidence-based information that is credible, reliable and useful. It must be easily understood by project partners and applicable to the remaining period of project duration. The consultants are expected to take into account all relevant changes in the project environment since the project was designed in the late 1990's, and the project started only in 2005.

The methodology to be used by the evaluation team should be presented in the report in detail. It shall include information on:

Documentation review (desk study) - the list of documentation to be reviewed is included in the Annex 3 to this Terms of Reference;

Interviews will be held with the following organizations and individuals at minimum:

UNDP Croatia, UNDP/GEF RTA from Bratislava, MEPPPC and Project Director, Project Steering Committee members;

Field visits;

Questionnaires;

Participatory techniques and other approaches for the gathering and analysis of data.

The consultant should also provide ratings of Project achievements according to GEF Project Review Criteria. In addition to a descriptive assessment, specific criteria (listed in rate table – Annex 3 of this TOR) marked with (R) should be rated using the following divisions:

HS	Highly Satisfactory
S	Satisfactory
MS	Marginally Satisfactory
U	Unsatisfactory
NA	Not applicable

6. EVALUATION TEAM

¹⁰⁸ See http://www.gefweb.org/MonitoringandEvaluation/MEPoliciesProcedures/documents/Policies_and_Guidelines-me_policy-english.pdf

¹⁰⁹ See <http://www.undp.org/gef/05/monitoring/policies.html>

¹¹⁰ See <http://www.uneval.org/>

A team of independent experts will conduct the evaluation. The evaluators selected should not have participated in the project preparation and/or implementation and should not have conflict of interest with project related activities.

The evaluation team will be composed of one International Evaluator or team leader and one National Evaluator. The evaluators shall have prior experience in evaluating similar projects. Former cooperation with GEF is an advantage.

Evaluation Team will have on their disposal an Interpreter/Translator which will accompany evaluators for the field visits when she/he will be under the direct supervision of the Team Leader.

International evaluator – Team Leader (TL)

Responsibilities:

- Leads and co-ordinates evaluation process;
- Design the detailed evaluation scope and methodology (including the methods for data collection and analysis);
- Assumes overall responsibility for the evaluation report submission (draft and final);
- Ensures full coordination of work between evaluation team members;
- Facilitates and guides work of the evaluation team members;
- Ensures that evaluation report inputs are available in a timely manner.

Qualifications:

- Post University degree in natural sciences and at least 10 years of relevant experience;
- Recent experience with result-based management evaluation methodologies;
- Experience applying participatory monitoring approaches;
- Experience applying SMART indicators and reconstructing or validating baseline scenarios;
- Recent knowledge of the GEF Monitoring and Evaluation Policy;
- Recent knowledge of UNDP's results-based evaluation policies and procedures
- Competence in Adaptive Management, as applied to conservation or natural resource management projects;
- Recognized expertise in dealing with the mainstreaming of biodiversity into productive sector projects;
- Familiarity with nature management and conservation policies;
- Experience with nature management and conservation policies in South-Eastern Europe and/or Mediterranean region will be considered an asset;
- Demonstrable analytical skills;
- Experience with multilateral or bilateral supported conservation projects;
- Excellent, proven management, communication and team-building skills;
- Project evaluation experiences within United Nations system will be considered an asset;
- Excellent English communication skills.

Individual consultants are invited to submit applications together with their CV for these positions. Joint proposals from two independent evaluators are welcome. Or alternatively, proposals will be accepted from recognized consulting firms to field a complete team with the required expertise within the evaluation budget.

The evaluators must be independent from both the policy-making process and the delivery and management of assistance. Therefore applications will not be considered from evaluators who have had any direct involvement with the design or implementation of the project. This may apply equally to evaluators who are associated with organizations, universities or entities that are, or have been, involved in the national policy-making process and/or delivery of the project. Any previous association with the

project, the MEPPPC Administration, UNDP Croatia or other partners/stakeholders must be disclosed in the application. This applies equally to firms submitting proposals as it does to individual evaluators.

If selected, failure to make the above disclosures will be considered just grounds for immediate contract termination, without recompense. In such circumstances, all notes, reports and other documentation produced by the evaluator will be retained by UNDP.

If individual evaluators are selected, UNDP will appoint one Team Leader. The Team Leader will have overall responsibility for the delivery and quality of the evaluation products. Team roles and responsibilities will be reflected in the individual contracts. If a proposal is accepted from a consulting firm, the firm will be held responsible for the delivery and quality of the evaluation products and therefore has responsibility for team management arrangements.

7. IMPLEMENTATION ARRANGEMENTS

The principal responsibility for managing this evaluation lies with UNDP Croatia. UNDP Croatia will contract the evaluators and ensure the timely provision of per diems and travel arrangements within the country for the evaluation team.

UNDP Croatia and PIU – Project Manager will be responsible for liaising with the Evaluators team in the following manner:

- Role of PIU – Project Manager (located in Split)
 - Coordination of evaluation activities and logistics in the Dalmatia region
 - Arrangement of field site visits
 - Organization of meetings with selected stakeholders
- Role of UNDP
 - Coordination of evaluation activities in Zagreb
 - Administrative and logistical support for the evaluators in Zagreb

The activity and tentative timeframe are broken down as follows:

Activity	Timeframe and responsible party
Selection of evaluators	March - September 2009
Briefings for evaluators	October 2009, by the UNDP
Desk review	November 2009
Field visits, interviews, questionnaires, de briefings	08.11. – 02.12.2009
Validation of preliminary findings with stakeholders through circulation of <u>draft report</u> for comments, meetings and other types of feedback mechanisms	Deadline: 21 December 2009
Integration of comments and other types of feedback information into <u>revised draft report</u>	18 - 24 January 2010
<u>Final Evaluation Report</u> produced (incorporating comments received on revised draft)	Deadline: 25 January 2010

Estimated number of Working Days:

TL – 33 working days, at least 20 days of field visits, interviews, questionnaires, de briefings (4 day/county/TL and 4 day/Zagreb/TL)

NE – 28 working days, at least 20 days of field visits, interviews, questionnaires, de briefings (4 day/county/TL and 4 day/Zagreb/TL)

The assignment is to commence no later than 02 November 2009.

8. COSTS AND REMUNERATION

Expert fees: 33 days X USD 728/day, incl. 20 days of field work, the total amount under this agreement USD 24,024 (without travel costs and DSA) payable upon certification that the services have been satisfactorily performed and according to the following task schedule:

- Thirty (30) percent upon signing of the contract
- Thirty (30) percent upon circulation of draft Evaluation Report – estimated deadline of 21 December 2009
- Forty (40) percent upon finalization of the Evaluation Report (incorporating comments received on revised draft) following tasks – estimated deadline of 25 January 2010

The total budget for travel cost should not exceed USD 7,000.00

Travel is referring to one direct flight from the resident country to Croatia and in country travel during 20 days field work. In country travel includes, but is not limited to, airplane tickets, vehicle transportation etc. UNDP car will be made available to the expert if not agreed differently.

Special arrangements: DSA and travel expenses will be reimbursed to the expert in cash (local currency), 80% in advance and 20% at the end of the mission, upon certification of costs incurred during the mission and according to the UNDP rules (submission of completed F10, verified by Programme Officer, and supporting travel receipts).

9. TERMS OF REFERENCE ANNEXES

Annex 1: Outline of Mid-Term Evaluation Report

9.1 EXECUTIVE SUMMARY

- Brief description of the project
- Context and purpose of the evaluation
- Main conclusions, recommendations and lessons learned

9.2 INTRODUCTION

- Project background
- Purpose of the evaluation
- Key issues addressed
- The outputs of the evaluation and how will they be used
- Methodology of the evaluation
- Structure of the evaluation

9.3 THE PROJECT AND ITS DEVELOPMENT CONTEXT

- Project start and its duration
- Implementation status
- Problems that the project seek to address
- Immediate and development objectives of the project
- Main stakeholders

- Results expected

9.4 FINDINGS AND CONCLUSIONS

- Project formulation
 - Implementation approach
 - Indicators
- Country ownership/Drivenness
 - Stakeholder participation
 - Replication approach
 - Cost-effectiveness
 - UNDP comparative advantage
 - Linkages between project and other interventions within the sector
 - Management arrangements
- Project implementation
 - Project oversight
 - Project execution
 - Project implementation
 - Project administration
 - Project planning
 - Monitoring and evaluation
 - Risk management
 - Coordination and operational issues
 - Management of the UNDP Country Office
- Project finances
 - Financial planning
 - Budget procedure
 - Disbursements
 - Effectiveness of funding mechanism
 - Risks
- Results
 - Attainment of objectives
 - Prospects of sustainability
 - Contribution to upgrading skills of the national staff

9.5 RECOMMENDATIONS

- Corrective actions for the design, implementation, monitoring and evaluation of the project
- Proposals for future directions underlining main objectives
- Actions to follow up or reinforce initial benefits from the project

9.6 LESSONS LEARNED

- Best and worst practices in addressing issues relating to relevance, performance and success

9.7 ANNEXES

- TOR
- Itinerary
- List of persons interviewed

- Summary of field visits
- List of documents reviewed
- Questionnaire used and summary of results

9.8 OTHER RELEVANT MATERIAL

Annex 2: Logical Framework Matrix

Project Strategy	Objectively verifiable indicators				
Goal	To ensure that the development path of the Croatian coast is environmentally friendly, with the conservation of biological diversity firmly mainstreamed into that development path.				
	Indicator	Baseline	Target	Sources of verification	Risks and Assumptions
Objective: To effectively transform actions, practices and approaches of private operators in the tourism, agriculture and fisheries sectors in the four coastal counties, in part by influencing the banking sector, and thereby mainstream biodiversity conservation into these sectors.	The volume of investments into biodiversity-friendly activities, assisted by the project, across the entire project area (four counties)	0	\$1,100,000 (total in 2009 and 2010) \$1,100,000 (total in 2011 and 2012) \$2,500,000 (for the entire project, 2009 to 2013)	Official data and project records	<p>Risk 1: The EU Accession process slows or stops due to external or political reasons.</p> <p>Risk 2: Collapse or downfall in European/regional tourism sector. The impact is twofold. Although this may reduce some pressure on biodiversity, the overall impact on biodiversity is likely to be negative, as the momentum towards sustainable tourism in the project area will be lost, and local communities are unlikely to innovate. Local economic stagnation will lead to further degradation of natural resources.</p> <p>Risk 3: Changes in European market for organic and traditional agriculture do not develop quickly.</p> <p>Risk 4: Co-financers, either governmental or</p>
	Biodiversity Indicator No. 1. Size of the area that the project has mainstreamed biodiversity conservation and sustainable use into the productive landscape and relevant sectors.	0	<u>Direct contribution</u> 663,000 ha of land surface 702,000 ha of sea surface <u>Indirect contribution</u> 629,000 ha of land surface 1,640,000 of sea surface	Project records	

	<p>Biodiversity Indicator No. 2. Species composition and abundance in key habitats:</p> <p>- Salt marshes (alliance <i>Arthrocnemion</i>) at 3 localities in project area: (1) Blace-Neretva; (2) Privilaka (Zadar); (3) Vlačići (Pag).</p>	2005 situation – as recorded in the Flora Croatica Database	Remains unchanged	Published papers in Flora Croatica Database (FCD), national database on vascular flora held by Department of Botany, University of Zagreb FCD URL hirc.botanic.hr/fcd Habitat Maps (2005)	<p>non-governmental, are unable to meet commitments due to circumstances not anticipated at project design stage.</p> <p>Risk 5: Project duration in view of available resources due to decline of exchange rate of US\$ to Kuna.</p> <p>Risk 6: Coastal Decree is suspended or repealed Since the introduction of Coastal Decree (September 2004) planning system got clear and quantitative criteria which have been applied in the new generation of spatial plans of communes and municipalities. Most of these plans have been completed in year 2006. The Decree managed to achieve some of the important coastal sustainable development objectives, including:</p>
<p>Outcome 1: Biodiversity-friendly development is demonstrated in four small, globally important, productive landscapes.</p>	Application of GEF biodiversity “tracking tool” shows improvement in sectoral activities throughout life of project	Biodiversity Tracking tool attached	Improved ratings at the mid-term and final evaluation	BD2 Tracking Tool Reports	<p>1) curbed further expansion of buildable lands and associated sprawl development and loss of natural resources, 2) assured decent building setback, protection and public access along the coast, 3) stopped greenfield development on the unserviced coastal lands thus improving environmental situation. Presently there is a strong pressure from illegal builders to suspend the Decree.</p> <p>Risk 7: Possible changes in project (institutional) environment after elections in November 2007.</p> <p>Risk 8: Underdeveloped local consultancy market for biodiversity and landscape related Project activities.</p>
	The <i>revenue</i> from the biodiversity-friendly investments, assisted by the project, across the entire project area (four counties).	0	\$150,000 in 2010 (investments from 2009 only) \$600,000 (investments from 2009 to 2013)	Project Records, based on stakeholders partners annual reports	
<p>Outcome 2: An improved investment climate for BD-friendly enterprises across the four counties.</p>	Number of loans and incentives/subsidies programs integrating BD criteria developed by the project into approval process	None	2 in 2008 5 in 2009 7 in 2013	Project records	<p>Risk 9: Changes in the banking sector. Since the project was submitted, the overall</p>
	Number of banks participating in the project	1 (HBOR)	5 in 2008 7 in 2009 10 in 2013	Project and CTBs records	
	Number of units applying for Tourism eco-label scheme and award competition	None	10 in 2010 25 in 2013		
<p>Outcome 3: Compliance with biodiversity-related</p>	Change in fishery regulation	None	At least one new measure	Project records Copy of legal measure	

regulations has increased significantly across all sectors across the four counties.	Number of spatial plans that integrate recommendations provided by the project	None	Input documents prepared by the project to four county plans and/or municipality plans – 5	PIU reports, physical plans	environment for biodiversity friendly businesses (BDFB) in Croatia has improved significantly, with more banks developing green portfolios and images. The main assumption on which the Partial Risk Guarantee (PRG) was based, the fact that the banks perceive the BDFB as risky, is only partly valid. The banks are reluctant to fund BDFBs not because of the “BD friendly” aspect but because of the vulnerability of the sectors they belong to.
Outcome 4: A national-level enabling environment that appreciates, supports, institutionalises and disseminates biodiversity-friendly development in coastal areas.	Number of national level programmes that incorporate biodiversity criteria developed by the Project	None	2 in 2010 3 in 2013	PIU reports; official documents of MEPPPC / local planning institutes	
	The number of Parliamentary or Governmental laws, regulations or other measures that relate to coastal areas and integrate or directly target biodiversity conservation goals	None	At least two new measures respectively in agriculture, fisheries, tourism, banks	Project records Copy of legal measures	
Outcome 1: Biodiversity-friendly development is demonstrated in four small, globally important, productive landscapes.	<p>Output 1.1 On Pelješac Peninsula, Dubrovacko Primorje, Malostonski Bay and Malo More, biodiversity-friendly and diversified tourism is growing, all fish farms are biodiversity-friendly, traditional shell-fish farming and BD-friendly agriculture has expanded, abandoned lands recultivated with traditional/endemic sorts / plants / herbs, and critical micro eco-systems are protected;</p> <p>Output 1.2 Across Vis Island and remote islands, sustainable use of biodiversity is driving economic development (notably, in the small hotel sector, the marina sector and in the micro-agricultural sector), degraded lands have been rehabilitated using traditional practices, and critical micro eco-systems are protected;</p> <p>Output 1.3 In Krka estuary, significant number of large and small scale private sector enterprises (tourism, organic and traditional agriculture and shell-fish culture) are operating in a biodiversity-friendly manner, abandoned lands recultivated with traditional/endemic sorts / plants / herbs, all contributing to the local economy;</p> <p>Output 1.4 In Northwest Zadar county, traditional agriculture and traditional food production has expanded and has increased in profitability, mariculture and family-run tourist enterprises are biodiversity-friendly, abandoned lands recultivated with traditional/endemic sorts / plants / herbs, and critical marine ecosystems are protected;</p> <p>Output 1.5 The findings and the lessons learned from the four demonstration landscapes are systematically fed into county and national level practices (notably through Outcomes 2 – 4)</p>				
Outcome 2: An improved investment climate for BD-friendly enterprises across the four counties.	<p>Output 2.1 Increased availability of affordable capital;</p> <p>Output 2.2 Functioning market-based incentives for biodiversity products;</p> <p>Output 2.3 Increased consumer demand for biodiversity-friendly services and products;</p> <p>Output 2.4 Improved approval processes for BD-friendly investments;</p> <p>Output 2.5 Increased demand for capital to invest in profitable, biodiversity-friendly investments.</p>				
Outcome 3: Compliance with biodiversity-related	<p>Output 3.1 A strong planning basis for regulating the biodiversity aspects of private sector investments and production;</p> <p>Output 3.2 Strengthened capacity to increase compliance with biodiversity-related <i>tourist</i> regulations and guidelines;</p> <p>Output 3.3 Strengthened capacity to increase compliance with biodiversity-related <i>agriculture</i> regulations and guidelines;</p>				

<p>regulations has increased significantly across all sectors across the four counties.</p>	<p>Output 3.4 Strengthened capacity to increase compliance with biodiversity-related <i>fishery</i> regulations; Output 3.5 Strengthened capacity to increase compliance with biodiversity-related <i>mariculture</i> regulations; Output 3.6 Strengthened capacity to control water quality; Output 3.7 Strengthened capacity to enforce biodiversity regulations in and around <i>Protected Areas</i>.</p>
<p>Outcome 4: A national-level enabling environment that appreciates, supports, institutionalises and disseminates biodiversity-friendly development in coastal areas.</p>	<p>Output 4.1 Effective political support to the project goal from high-level government and high-level private sector decision-makers; Output 4.2 Essential policy and legislative changes in both government and private sector; Output 4.3 Project successes disseminated and communicated across project area and beyond.</p>

ANNEX 3. Rate tables

TABLE 1: STATUS OF OBJECTIVE / OUTCOME DELIVERY AS PER MEASURABLE INDICATORS

OBJECTIVE	MEASURABLE INDICATORS FROM PROJECT LOGFRAME	STATUS OF DELIVERY*	RATING **
To effectively transform actions, practices and approaches of private operators in the tourism, agriculture and fisheries sectors in the four coastal counties, in part by influencing the banking sector, and thereby mainstream biodiversity conservation into these sectors.	The volume of investments into biodiversity-friendly activities, assisted by the project, across the entire project area (four counties)		
	Biodiversity Indicator No. 1. Size of the area that the project has mainstreamed biodiversity conservation and sustainable use into the productive landscape and relevant sectors.		
	Biodiversity Indicator No. 2. Species composition and abundance in key habitats: - Salt marshes (alliance <i>Arthrocnemion</i>) at 3 localities in project area: (1) Blace-Neretva; (2) Privilaka (Zadar); (3) Vlačići (Pag).		
OUTCOMES	MEASURABLE INDICATORS FROM PROJECT LOGFRAME	STATUS OF DELIVERY	RATING
Outcome 1: Biodiversity-friendly development is demonstrated in four small, globally important, productive landscapes.	Application of GEF biodiversity “tracking tool” shows improvement in sectoral activities throughout life of project		
Outcome 2: An improved investment climate for BD-friendly enterprises across the four counties.	Number of loans and incentives/subsidies programs integrating BD criteria developed by the project into approval process		
	Number of banks participating in the project		
	Number of units applying for Tourism eco-label scheme and award competition		
Outcome 3: Compliance with biodiversity-related regulations has increased significantly across all sectors across the four counties.	Change in fishery regulation		
	Number of spatial plans that integrate recommendations provided by the project		
Outcome 4: A national-level enabling environment that appreciates, supports, institutionalises and disseminates	Number of national level programmes that incorporate biodiversity criteria developed by the Project		
	The number of Parliamentary or Governmental laws, regulations or other measures that relate to coastal areas and integrate or directly target biodiversity conservation goals		

biodiversity-friendly development in coastal areas.			
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* STATUS OF DELIVERY:

Highly Satisfactory = HS

GREEN / COMPLETED

= Indicators show successful achievement Satisfactory = S

YELLOW

= Indicators show expected completion by end of Project Marginally Satisfactory = MS

RED

Unsatisfactory = U

TABLE 2: Project Ratings

Highly Satisfactory (HS), Satisfactory (S), Marginally Satisfactory (MS), and Unsatisfactory (U)

PROJECT COMPONENT OR OBJECTIVE	RATING SCALE				RATING
	U	MS	S	HS	
PROJECT FORMULATION					
Conceptualization/Design					
Stakeholder participation					
PROJECT IMPLEMENTATION					
Implementation Approach					
The use of the logical framework					
Adaptive management					
Use/establishment of information technologies					
Operational relationships between the institutions involved					
Technical capacities					
Monitoring and evaluation					
Stakeholder participation					
Production and dissemination of information					
Local resource users and NGOs participation					
Establishment of partnerships					
Involvement and support of governmental institutions					
PROJECT RESULTS					
Attainment of Outcomes/ Achievement of objectives					
Achievement of objective					
Outcome 1					
Outcome 2					
OVERALL PROJECT ACHIEVEMENT & IMPACT					

Annex 4. Terminology in the GEF Guidelines to Mid and Final Evaluations

Implementation Approach includes an analysis of the project's logical framework, adaptation to changing conditions (adaptive management), partnerships in implementation arrangements, changes in project design, and overall project management.

Some elements of an effective implementation approach may include:

- The logical framework used during implementation as a management and M&E tool
- Effective partnerships arrangements established for implementation of the project with relevant stakeholders involved in the country/region
- Lessons from other relevant projects (e.g., same focal area) incorporated into project implementation
- Feedback from M&E activities used for adaptive management.

Country Ownership/Driveness is the relevance of the project to national development and environmental agendas, recipient country commitment, and regional and international agreements where applicable. Project Concept has its origin within the national sectoral and development plans

Some elements of effective country ownership/driveness may include:

- Project Concept has its origin within the national sectoral and development plans
- Outcomes (or potential outcomes) from the project have been incorporated into the national sectoral and development plans
- Relevant country representatives (e.g., governmental official, civil society, etc.) are actively involved in project identification, planning and/or implementation
- The recipient government has maintained financial commitment to the project
- The government has approved policies and/or modified regulatory frameworks in line with the project's objectives

For projects whose main focus and actors are in the private-sector rather than public-sector (e.g., IFC projects), elements of effective country ownership/driveness that demonstrate the interest and commitment of the local private sector to the project may include:

- The number of companies that participated in the project by: receiving technical assistance, applying for financing, attending dissemination events, adopting environmental standards promoted by the project, etc.
- Amount contributed by participating companies to achieve the environmental benefits promoted by the project, including: equity invested, guarantees provided, co-funding of project activities, in-kind contributions, etc.
- Project's collaboration with industry associations

Stakeholder Participation/Public Involvement consists of three related and often overlapping processes: information dissemination, consultation, and "stakeholder" participation. Stakeholders are the individuals, groups, institutions, or other bodies that have an interest or stake in the outcome of the GEF-financed project. The term also applies to those potentially adversely affected by a project.

Examples of effective public involvement include:

Information dissemination

Implementation of appropriate outreach/public awareness campaigns

Consultation and stakeholder participation

Consulting and making use of the skills, experiences and knowledge of NGOs, community and local groups, the private and public sectors, and academic institutions in the design, implementation, and evaluation of project activities

Stakeholder participation

Project institutional networks well placed within the overall national or community organizational structures, for example, by building on the local decision making structures, incorporating local knowledge, and devolving project management responsibilities to the local organizations or communities as the project approaches closure

Building partnerships among different project stakeholders

Fulfillment of commitments to local stakeholders and stakeholders considered to be adequately involved.

Sustainability measures the extent to which benefits continue, within or outside the project domain, from a particular project or program after GEF assistance/external assistance has come to an end. Relevant factors to improve the sustainability of project outcomes include:

- Development and implementation of a sustainability strategy.
- Establishment of the financial and economic instruments and mechanisms to ensure the ongoing flow of benefits once the GEF assistance ends (from the public and private sectors, income generating activities, and market transformations to promote the project's objectives).
- Development of suitable organizational arrangements by public and/or private sector.
- Development of policy and regulatory frameworks that further the project objectives.
- Incorporation of environmental and ecological factors affecting future flow of benefits.
- Development of appropriate institutional capacity (systems, structures, staff, expertise, etc.)
- Identification and involvement of champions (i.e. individuals in government and civil society who can promote sustainability of project outcomes).
- Achieving social sustainability, for example, by mainstreaming project activities into the economy or community production activities.
- Achieving stakeholders' consensus regarding courses of action on project activities.

Replication approach, in the context of GEF projects, is defined as lessons and experiences coming out of the project that are replicated or scaled up in the design and implementation of other projects. Replication can have two aspects, replication proper (lessons and experiences are replicated in different geographic area) or scaling up (lessons and experiences are replicated within the same geographic area but funded by other sources). Examples of replication approaches include:

- Knowledge transfer (i.e., dissemination of lessons through project result documents, training workshops, information exchange, a national and regional forum, etc).
- Expansion of demonstration projects.
- Capacity building and training of individuals, and institutions to expand the project's achievements in the country or other regions.
- Use of project-trained individuals, institutions or companies to replicate the project's outcomes in other regions.

Financial Planning includes actual project cost by activity, financial management (including disbursement issues), and co-financing. If a financial audit has been conducted the major findings should be presented in the TE.

Effective financial plans include:

- Identification of potential sources of co-financing as well as leveraged and associated financing¹¹¹.
- Strong financial controls, including reporting, and planning that allow the project management to make informed decisions regarding the budget at any time, allows for a proper and timely flow of funds, and for the payment of satisfactory project deliverables
- Due diligence due diligence in the management of funds and financial audits.

Co financing includes: Grants, Loans/Concessions (compared to market rate), Credits, Equity investments, In-kind support, Other contributions mobilized for the project from other multilateral agencies, bilateral development cooperation agencies, NGOs, the private sector and beneficiaries. Please refer to Council documents on co-financing for definitions, such as GEF/C.20/6.

Leveraged resources are additional resources—beyond those committed to the project itself at the time of approval—that are mobilized later as a direct result of the project. Leveraged resources can be financial or in-kind and they may be from other donors, NGO's, foundations, governments, communities or the private sector. Please briefly describe the resources the project has leveraged since inception and indicate how these resources are contributing to the project's ultimate objective.

Cost-effectiveness assesses the achievement of the environmental and developmental objectives as well as the project's outputs in relation to the inputs, costs, and implementing time. It also examines the project's compliance with the application of the incremental cost concept. Cost-effective factors include:

Compliance with the incremental cost criteria (e.g. GEF funds are used to finance a component of a project that would not have taken place without GEF funding.) and securing co-funding and associated funding.

The project completed the planned activities and met or exceeded the expected outcomes in terms of achievement of Global Environmental and Development Objectives according to schedule, and as cost-effective as initially planned.

The project used either a benchmark approach or a comparison approach (did not exceed the costs levels of similar projects in similar contexts)

Monitoring & Evaluation. Monitoring is the periodic oversight of a process, or the implementation of an activity, which seeks to establish the extent to which inputs, work schedules, other required actions and outputs are proceeding according to plan, so that timely action can be taken to correct the deficiencies detected. Evaluation is a process by which program inputs, activities and results are analyzed and judged explicitly against benchmarks or baseline conditions using performance indicators. This will allow project managers and planners to make decisions based on the evidence of information on the project implementation stage, performance indicators, level of funding still available, etc, building on the project's logical framework.

Monitoring and Evaluation includes activities to measure the project's achievements such as identification of performance indicators, measurement procedures, and determination of baseline conditions. Projects are required to implement plans for monitoring and evaluation with adequate funding and appropriate staff and include activities such as description of data sources and methods for data collection, collection of baseline data, and stakeholder participation. Given the long-term nature of many GEF projects, projects are also encouraged to include long-term monitoring plans that are sustainable after project completion.

¹¹¹ Please refer to Council documents on co-financing for definitions, such as GEF/C.20/6. The Annex 1 presents a table to be used for reporting co-financing.

Annex 5. List of documents to be reviewed by the Evaluators

Following documents can be used as a basis for evaluation of the project:

Document	Description
Project document	The Project Document and Revisions
Project reports	Project Inception Report 1st GEF Tracking Tool (including METT)
Annual Project Report to GEF	Project Implementation Report for 2008
Other relevant materials:	Project work plans Project Steering Committee decisions Annual Project reports GBSP documents Resume of implemented activities Press articles Maps Various database

COAST MTE Report Annex 2: Itinerary of MTE

Date		Activities
Mon	25 th Jan	All day: Document review
Tue	26 th Jan	All day: Document review
Wed	27 th Jan	All day: Document review
Thu	28 th Jan	All day; Document review
Fri	29 th Jan	All day: Document review, telephone interview with Mr.Maxim Vergeichik .UNDP Bratislava Project Contact Person
Sat	30 th Jan	All day: Document review
Sun	31 st Jan	pm: Evaluation team leader (NV) arrived in Zagreb
Mon	1 st Feb	am: initial meeting of Evaluation team (Dr.N.Varty as International Consultant and Team Leader (NV) and Ms.R.Marušić as National Consultant (economist,NPE), pm: initial team meeting and briefing by UNDP staff (Ms.S.Vlašić,Ms.J.Kurtović.Mr.A.Fracassetti) and PIU Director Mr.G.Berlengi
Tue	2 nd Feb	am: (1)Meeting with Ministry of Environmental Protection, Physical planning and Construction(Dr.Sc.Nikola Ružinski , National Project Director and PSC chair, State Secretary for Environmental Protection , Ms.M.Prelec expert associate),(2) Meeting with Institute for Physical Planning (Mr.A.Paunović,Director and his colleagues Mr.R.Zimmermann, Mr.A.Bašić, Mr.V.Dumičić and Ms. L.Benšek.Završki. pm: (1)meeting with UNDP staff (Ms.S.Vlašić,Ms.J.Karlović),(2)Interview with Chief Technical Expert for Autochthonous Sorts and Breeds Mr.R.Ozimec,(3) telephone interview with Mr.Andrew Bovarnick (GEF Biodiversity Economist)
Wed	3 rd Feb	am:(1)meeting with State Institute for Nature Protection (Mr.Davorin Marković,Director and PSC member,Ms.A.Maričević –FP,Ms.J.Radović and Ms.P.Rodić-Baričević),(2)Lunch with UNDP staff(Ms.J.Kurtović) pm: (1) Meeting with Ministry of Culture (Mr.Z.Šikić,State Secretary for Nature Protection,Ms.K.Pintarić and Ms.I.Vukšić, (2) Interview with Prof,dr.sc.Toni Nikolić,Chief Technical Expert for Biodiversity
Thu	4 th Feb	am: (1)Meetings with Ministry of agriculture , fishery and Rural Development (Mr.c.Neda Skakelja, Head of Directorate of Fisheries),(2) Ms.Žaklina Jurišić,Head of Directorate for Rural Development , Ms.M. Ševar,Mr.D.Džević, Mr.D.Cerjanec pm:travel to Split by car
Fri	5 th Feb	am:Meeting with PIU members and after that interviews with Mr.G.Berlengi,Mr.O.Škunca and Ms,A.Milović. pm: travel by ferry to Island of Vis
Sat	6 th Feb	am:(1) field visit with Mr.V.Mratinić GBSP beneficiary and member of Croatian Chamber of Agriculture ,(2) field visit to Mr.Nikša Roki ,GBSP beneficiary pm:(1) meeting with Mr.A.Ivčević, potential GBSP beneficiary and Ms.Tonka Ivčević ,Mayor of City Komiža
Sun	7 th Feb	am: travel to Split , free day
Mon	8 th Feb	am: (1) internal meeting of evaluators ,(2) interview with Ms.A.Milović
Tue	9 th Feb	am: meeting with Splitska Banka d.d.Split (Mr.Loren Hrabar, Head of Business Client Department , (2) meeting with Splitsko dalmatinska County (Ms.M. Vuković, Director of Directorate for Environmental Protection),(3) meeting with Public Institution for Management of Protected Areas in Splitsko dalmatinska County,(Mr.I.Gabelica, Head of Public Institution and Mr.G.Piasevoli)
Wed	10 th Feb	am: (1)travel to Zadar by car and meeting with secondee Mr.Šime Erlić in hotel,(2) meeting with Zadarska County (Mr.Olivio Meštrović, Head of the managing department for urban planning and communal activities and PSC memeber,(3) meeting with County Development Agency ZADRA (Ms.Sanja Peričić, Director),(4) meeting with Public Institution for Management of Protected Areas in Zadarska County (Mr.sc.Mirko Đinđić,Director pm: (1) meeting with Agriculture Cooperative Drobница, Ugljan GBSP beneficiary (Ms.Mladenka Mašina,Director),(2) meeting with Ostrea d.o.o.Zadar, GBSP beneficiary (Mr.M.Dužević owner and Director, Ms.A.Peroš, consultant)
Thu	11 th Feb	am: (1) meeting with Zadarska County , Department of Agriculture (Ms.K.Skelin Assistant to the Head of Department of Agriculture),(2) Department of Tourism and Sea (Mr.J.Uroda . Head of Department for Tourism and Sea,Ms.S.Bubičić and

		Mr.M.Milković, pm: (1) meeting with Pecten d.o.o. GBSP beneficiary (Mr.B.Baždarić,owner and Director), (2) meeting with Agricultural Cooperative Paklenica Stari grad GBSP beneficiary (Mr.I.Bušljeta,Director and co-owner) travel to Vodice
Fri	12 th Feb	am: (1) travel to Šibenik and meeting with County Development Agency RRA d.o.o.Šibenik (Mr.D.Matić,Director),(2) meeting with Public Institution for nature protection in Šibensko kninska County (Ms.A.Babačić-Ajduk,Head of Public Institution) pm: (1)meeting with Mr.F.Radnić, GBSP beneficiary in Skradin,(2)
Sat	13 th Feb	am: (1)meeting with Mr.D.Prelević GBSP beneficiary , (2) meeting with CTE (3) meeting with NGO Falcon center,Šibenik GBSP beneficiary (Mr.E.Mendušić,President of NGO,Dr.A.Škugor,Vice president) pm: travel to Dubrovnik by car
Sun	14 th Feb	am: free morning pm:interview with Mr.G.Berlengi NPD
Mon	15 th Feb	am: (1)meeting with County Development Agency DUNEA d.o.o.Dubrovnik (Ms.M.Milić,Director), (2) meeting with Public Institution for Management of Protected Areas in Dubrovačko neretvanska County (Mr.I.Stanović, Head of Public Institution , secondee), (3) meeting with Dubrovačko neretvanska County (Ms.B.Vuković, Head of Department of Environmental protection and construction) pm: (1)meeting with Riba d.o.o.Mljet GBSP beneficiary (Ms.A.Milina,Director)
Tue	16 th Feb	am: (1)meeting with Dubrovačko neretvanska County (Mr.sc.M.Vučković, Deputy Prefect , (2) meeting with Mr.D.Vukas GBSP beneficiary in Ponikve,Pelješac pm: (1)meeting with Mr.F.Miloš, GBSP beneficiary in Ponikve,Pelješac travel by car to Split
Wed	17 th Feb	am: meeting with County Development Agency RERA d.o.o.Split(Mr.S.Radnić,Director), travel to Zagreb by car pm: (1)meeting with HAVOR (Ms.D.Zorić, Head of Department for Infrastructure and PSC member,Ms.D.Draženović), (2) meeting with HAMAG (Mr.J.Grgić from Sector of guarantee); (3) meeting with OIKON
Thu	18 th Feb	am: meeting in Ministry of tourism (Mr.R.Pende ,Director of Directorate for Tourism Development,Ms.V.Rajković,Ms.J.Šobat and Ms.A.Jakšić. pm: writing draft of Power Point Presentation of Medium Term Evaluation
Fri	19 th Feb	Lunch with Mr.Alessandro Fracassetti Deputy Resident Representative Writing draft of PPP
Sat	20 th Feb	All day: writing draft of PPP
Sun	21 st Feb	All day: writing draft of PPP
Mon	22 nd Feb	am: Presentation of first draft of Medium Term evaluation to UNDP staff (Ms.S.Vlašić, Ms.J.Kurtović) and PIU members (Mr.G.Berlengi (NPD) and Mr.O.Škunca (Deputy NPD) pm: Mr.N.Varty left Zagreb

COAST MTE Report Annex 3: Documents reviewed by the MTET as part of the Mid Term Evaluation

Document	Description
Project document	The Project Document and Revisions
Project reports	Project Inception Report 1st GEF Tracking Tool (including METT)
Annual Project Report to GEF	Project Implementation Report for 2008
Document titled 'Logframe indicators – levels at end of 2009'	Provide by the NPM at start of the MTE mission (update of table in PIR2009)
Document titled ' <i>PROJECT COAST – summary of major results 2007-2009, grouped by project outcome and output</i> '	Provided by the PIU office near end of MTE mission ¹¹²
Other relevant materials:	Project work plans Project Steering Committee decisions Annual Project reports GBSP documents Resume of implemented activities Press articles Maps Various database

¹¹² It should be noted that this document was kindly provided by the PIU at the request of the MTET in order to clarify what results the Project had achieved up to the MTE stage. It was not reviewed or approved by the UNDP CO or the PSC and is therefore not an 'official' Project report, rather it was provided to the MTET as an aid to understanding delivery of Project activities and results, which the MTET considered had not been fully reported elsewhere. The MTET appreciates the time and effort that went into preparing the 5-page document, particularly by the DPM.

COAST MTE Report Annex 4: List of people interviewed by the MTE

UNDP/Croatia, Zagreb

Mr. Alessandro Fracassetti	Deputy Resident Representative
Ms. Sandra Vlašić	Programme Officer, Environmental Governance
Ms. Jelena Kurtović	Programme Associate
Ms. Ida Mahečić Bajović	Communications Officer

Programme Implementation Unit (PIU), Split

Mr. Gojko Berlengi	National Project Manager
Mr. Ognjen Škunca	Deputy National Project Manager
Ms. Aiša Milović	Project Associate (Economist)
Ms. Snježana Mihinica	Project Associate (Biologist)
Ms. Lada Lušić	Administrative and Financial Assistant

Secondees employed in County Development Agencies and Public Institution for Management of Protected Areas

Mr. Šime Erlić	County Development Agency, Zadar
Mr. Damir Buntić	County Development Agency, Šibenik
Ms. Tina Dragutin	PIMPA - Šibenik
Ms. Jelena Hrvojević	County Development Agency, Split
Ms. Helena Kangjera	County Development Agency, Dubrovnik
Ms. Matea Špika	PIMPA - Dubrovnik

Chief Technical Experts

Dr. Roman Ozimec	Agriculture – autochthonous species and breeds
Prof. Dr. Toni Nikolić	Terrestrial biodiversity
Mr. Sc. Hrvoje Carić	Hotels - eco certification, Institute for Tourism
Mr. Marko Koščak	Eco and Rural tourism
Dr. Drago Marguš	Mariculture, expert Advisor, Krka National Park

Ministry of Environmental Protection, Physical Planning and Construction

Prof. Dr. Sc. Nikola Ružinski	State Secretary of Environmental Protection and National Project Director
Ms. Marina Prelec	Associate in Department of Environmental Protection

Institute of Physical Planning, Zagreb

Dr. Branka Pivčević Novak	Head of Department
Mr. Antun Paunović	Director, Institute of Physical Planning
Mr. Ratimir Zimmermann	Head of Department for Research and Physical Development Information System
Mr. Velimir Dumičić	Head of Section for National Planning
Mr. Aleksandar Bašić	Head of Department for Coordination of Regional Physical Development and Urban Planning
Ms. Lidija Benšek-Završki	Senior Adviser at Section for Research and Monitoring of Physical Processes – Focal Point

Fund for Environmental Protection and Energy Efficiency

Ms. Vesna Cetin Krnjević	Senior Expert Adviser – Focal Point
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Ministry of Culture, Zagreb

Mr. Zoran Šikić	State Secretary
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Ms. Kornelija Pintarić	Director, Directorate for Nature Protection
Ms. Ivna Vukšić	Expert Associate of Department for Strategic Planning in Nature Conservation and European Integration

Ministry of Agriculture, Zagreb

Ms. Neda Skakelj	Director, Directorate of Fisheries
Ms. Žaklina Jurišić	Head of Directorate for Rural Development - SAPARD/IPARD Programme
Ms. Marija Ševar	Head of Department for ecological production Croatian Agriculture Advisory service
Mr. Dragomir Džević	Head of Sector for Preservation of Rural Area
Mr. Dražen Cerjanec	Head of Department for Preservation of Rural Area

Ministry of Tourism, Zagreb

Mr. Robert Pende	Director, Directorate for Tourism Development
Ms. Vesna Rajković	Head of Department
Ms. Jelena Šobat	Senior Adviser, Service for Standards in Tourism, Department for Quality
Ms. Ankica Jakšić	Head of Sector for Tourism Development - Focal point

State Institute for Nature Protection, Zagreb

Mr. Davorin Marković	Director
Ms. Ana Marićević	Staff Adviser for Sea Ecosystems – Focal Point
Ms. Jasminka Radović	Head of the Department for Nature Protection Assessment
Ms. Petra Rodić Baranović	Expert Associate, Adviser for Ecological Network

HBOR – Croatian bank for Reconstruction and Development, Zagreb

Ms. Dubravka Zorić	Head of Department for Infrastructure – Focal Point
Ms. Draženka Draženović	Expert Associate – Department for Infrastructure

HAMAG – Croatian Agency for SMEs, Zagreb

Mr. Josip Grgić	Sector for guarantees
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Splitska banka d.d. Split

Mr. Loren Hrabar	Head of Business Clients Department
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Zadar County

Mr. Olivio Meštrović	Head of the managing department for urban planning and communal activities
Ms. Katarina Skelin	Assistant to the Head of Department for Agriculture
Mr. Jerolim Uroda	Head of Department for Tourism and Sea
Ms. Sanja Bubičić	Expert Associate in Department for Tourism and Sea
Mr. Marin Milković	Expert Associate in Department for Tourism and Sea

Split-Dalmatia County

Ms. Marija Vuković	Director of Directorate for Environmental Protection
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Dubrovnik-Neretva County

Ms. Marija Vučković	Deputy Prefect
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County Development Agencies

Ms.Sanja Peričić	Director - ZADRA d.o.o., Zadar
Mr.Drago Matić	Director - RRA d.o.o., Šibenik
Mr.Srećko Radnić	Director - RERA d.o.o. , Split
Ms.Melanija Milić	Director - DUNEA d.o.o. ,Dubrovnik

Public Institution for Management of Protected Areas in all four counties

Mr. Mirko Đinđić	Head of Public Institution, Zadar
Ms.Anita Babačić Ajduk	Head of Public Institution, Šibenik
Mr. Ivan Gabelica	Head of Public Institution, Split
Mr. Gvido Piasevoli	Expert Team Manager, Split
Mr.Ivan Stanović	Head of Public Institution, Dubovnik

GBSP beneficiaries

Mr.Nikša Roki	Owner of Roki's d.o.o. Vis, grant was approved for Enrichment of rural-gastro tourism offer at family eco farm by traditional vineyard with autochthonous vine sorts, eco garden and improved wine production technology
Mr. Velimir Mratinić	Owner of Agricultural craft "Brojne" Vis and member of Croatian Chamber of Agriculture. Grant and TA was approved for production and processing of organically grown fruits and vegetables on the island of Vis
Mr. Ante Ivčević	Wine farmer who applied for grant for planting autochthonous vine variety "Palagružanka"
Ms.Tonka Ivčević	Mayor of City Komiža
Ms.Mladenka Mašina	Director of Agricultural Cooperative Drobница, grant approved for rehabilitation and rejuvenation of the cooperative's olive orchard as best practice for the organic olive growing on Island of Ugljan
Mr. Marko Dušević	Owner of Ostrea d.o.o., grant and TA were approved for placement of pilot commercial shellfish vivarium / farm of European Flat Oyster (<i>Ostrea edulis</i>) and Warty Venus (<i>Venus Verrucosa</i>) in aquatorium of Stara Poveljana bay, with associated tourism offer.
Ms.Ana Peroš	Consultant working for "Ostrea"d.o.o.
Mr.Branimir Baždarić	Owner of Pecten d.o.o., grant approved for experimental farming of scallop (<i>Pecten jacobaeus</i>) in Novigrad sea
Mr.Ivan Bušljeta	Director of Agricultural cooperative Paklenica, grant approved for enrichment of tourism offer in Starigrad Paklenica region through establishment of shellfish (mussels) production
Mr.Frane Radnić	Owner of the craft which received partial guarantee and loan for enlargement of the largest ecological olive grove in Dalmatia
Mr.Dušan Prelević	Professional fisherman who received grant for experimental farming of <i>Chlamys varia</i> in Krka river estuary
Mr. Emilio Menđušić	President of NGO Falcon center which activity is protecting birds of prey through eco-educational tourism
Dr.Alemka Škugor	Vice president of NGO Falcon center
Ms.Ana Milina	General manager of "Riba"d.o.o.,Mljet which received grant for marketing activities promoting organic farming of autochthonous critically endangered fish species Hama
Mr. Frano Miloš	Owner of "Vinifera" which received grant for growing of autochthonous medical and aromatic herbs, in traditional agricultural landscapes with terraces
Mr.Dubravko Vukas	Household farming Vukas Rehabilitation and rejuvenation of the organic olive growing orchard
Dijana Mrša and Zoran Mrša	Organic animal husbandry of autochthonous Buša base heard as base for premium price products and agro tourism offer in Dalmatian hinterland

Oikon Ltd., Institute for Applied Ecology

Ms. Marija Bajica	Business Services Manager
Ms. Zrincka Mesić	Senior Associate
Ms. Medeja Pistotnik	Project Manager

Others

Natali Vilić	Val Tours, Biograd
Ante and Miranda Paić	Skradinske Delicije, Skradin

COAST MTE Report Annex 5: Analysis of original project Objective and Outcomes and suggested reformulations

Original wording	Comments and recommendations	Suggested rewording of Objective or Outcome
<p>Objective: <i>To effectively transform actions, practices and approaches of private operators in the tourism, agriculture and fisheries sectors in the four coastal counties, in part by influencing the banking sector, and thereby mainstream biodiversity conservation into these sectors.</i></p>	<p>Poor wording of Objective. The word ‘effectively’ is vague and not defined in the text or measured by an indicator and should be removed. More importantly, it is not clear what the project is transforming actions, practices and approaches <u>to</u>, but presumably it is to <u>more biodiversity friendly</u> actions, practices and approaches. In addition, the wording suggests a focus on ‘private operators’ but many of the COAST Project activities are targeted at the public sector, consequently it is suggested that the wording ‘private operators’ is also removed.</p>	<p><i>‘To transform actions, practices and approaches in the agriculture, fisheries and tourism sectors to support more biodiversity friendly and sustainable development in the four Dalmatian counties, in part by influencing the banking sector to support more biodiversity friendly investment’</i></p>
<p>Outcome 1: <i>Biodiversity-friendly development is demonstrated in four small, globally important, productive landscapes</i></p>	<p>This Outcome largely relates to the establishment of Green Business Support Programme (GBSP) programme, which is the COAST Project’s principle private sector initiative and the wording of the Outcome should reflect this more closely. Also, it is recommended that the key sectors are included in the wording as well.</p>	<p><i>‘Biodiversity friendly development models in the agriculture, fisheries and tourism sectors are demonstrated across the four counties of Dalmatia’</i></p>
<p>Outcome 2: <i>An improved investment climate for BD-friendly enterprises across the four counties</i></p>	<p>It is not clear what ‘investment climate’ means here. The Project Document suggests that this is wider than simply the availability of public- and private-sector funds and financing, and includes measures to promote biodiversity friendly business (BDFB)/‘green business’ through market incentives, e.g. certification, and market and product development. It is suggested that the wording of this Outcome is changed to reflect this broader definition.</p>	<p><i>‘Investment climate, including financial and market opportunities and measures for BD-friendly enterprises, improved and promoted across the four counties.’</i></p>
<p>Outcome 3: <i>Compliance with biodiversity-related regulations has increased significantly across all sectors across the four counties</i></p>	<p>According to the New Oxford American Dictionary, the word ‘compliance’ means ‘<i>the action or fact of complying with a wish or command</i>’. Consequently, many activities covered under this Outcome e.g. changing fisheries regulations, are misplaced here, as this Outcome relates more to supporting implementation and enforcement of the law and regulations rather than its strengthening. This Outcome essentially deals with building capacity (knowledge, tools, training) and awareness to support implementation of existing regulations, but the COAST Project does not pay for enforcement activities itself. It is not clear what the word ‘<i>significantly</i>’ means and it is not measured through the two indicators associated with the Outcome. Also, the wording ‘<i>across all sectors</i>’ would cover sectors beyond the Project’s focal sectors e.g. transport and energy. Consequently, the Project’s target sectors should be made clear in the wording of the Outcome. The Project is also developing new, and promoting existing, guidelines relating to different aspects of sustainable management of natural resources in the key sectors, which also should be captured in the wording of this Outcome.</p>	<p><i>‘Capacity and awareness to support compliance with biodiversity related legislation, regulations, guidelines and measures relevant to the agricultural, fisheries and tourism sectors has increased in all four counties’</i></p>

<p>Outcome 4: <i>A national-level enabling environment that appreciates, supports, institutionalises and disseminates biodiversity-friendly development in coastal areas</i></p>	<p>It is not clear what the word ‘<i>appreciates</i>’ means or how it would be measured. Also, the Project area is Dalmatia, but the wording refers to ‘<i>coastal areas</i>’, which would therefore include counties outside of the Project area, e.g. Istria. Also, the Project has <u>always</u> had a focus on creating a supporting enabling environment at the county and local levels and these should be dealt with under this Outcome and its wording changed to reflect this.</p>	<p><i>‘National-, county- and local-level enabling environments (policy, legislation and regulations, planning) are strengthened to support more biodiversity friendly development in Dalmatia’</i></p>
<p>‘Outcome 5’/ ‘Activity 5’</p>	<p>In Table 8 ‘Total Budget and Workplan’ of the Project Document a separate ‘<i>Outcome 5 Learning, evaluation and adaptive management increased</i>’ is given, although this is not explained in the main text. Also, the MTET was provided with PIU documents that had an ‘Activity 5’ listed, which according to the NPM relates to some project management activities (although it is unclear which). Dissemination of Project results is scattered throughout the Outcomes 1-4, which makes communicating Project results in a coherent fashion much more difficult. It is recommended that all project management issues, including monitoring and evaluation and results dissemination and lesson learning, be grouped together within a new Outcome (a typical arrangement within UNDP-GEF during GEF3).</p>	<p><i>‘Learning, evaluation and adaptive management increased’</i></p>

COAST MTE Report Annex 6: Analysis of original project Outputs and suggested reformulations and reordering (grouped according to their original Outcome)

1. Outcome 1

Five Outputs are listed under Outcome 1:

- **Output 1.1** On Pelješac Peninsula, Dubrovacko Primorje, Malostonski Bay and Malo More, biodiversity-friendly and diversified tourism is growing, all fish farms are biodiversity-friendly, traditional shell-fish farming and BD-friendly agriculture has expanded, abandoned lands recultivated with traditional/endemic sorts / plants / herbs, and critical micro ecosystems are protected;
- **Output 1.2** Across Vis Island and remote islands, sustainable use of biodiversity is driving economic development (notably, in the small hotel sector, the marina sector and in the micro-agricultural sector), degraded lands have been rehabilitated using traditional practices, and critical micro eco-systems are protected;
- **Output 1.3** In Krka estuary, significant number of large and small scale private sector enterprises (tourism, organic and traditional agriculture and shell-fish culture) are operating in a biodiversity-friendly manner, abandoned lands recultivated with traditional/endemic sorts / plants / herbs, all contributing to the local economy;
- **Output 1.4** In Northwest Zadar county, traditional agriculture and traditional food production has expanded and has increased in profitability, mariculture and family-run tourist enterprises are biodiversity-friendly, abandoned lands recultivated with traditional/endemic sorts / plants / herbs, and critical marine ecosystems are protected;
- **Output 1.5** The findings and the lessons learned from the four demonstration landscapes are systematically fed into county and national level practices (notably through Outcomes 2 – 4)

Outputs 1.1-1.4 include activities relating to the strengthening of planning and legislation in nature conservation (e.g. inventory work for identifying National Ecological Network and NATURA 2000 sites) and studies and action plans to promote biodiversity friendly development in the agriculture (action plans for organic agriculture and native varieties and breeds), fisheries (action plans for shellfish farming), and tourism (action plan for eco and rural tourism) sectors in the four target areas, all of which are more closely linked to strengthening the enabling environment and most would be better relocated to Outcome 4. For example, the AWP for 2009-2010 has a nature conservation related activity termed 'more detailed elaboration of NEN and its integration into physical/management plans' under Outputs 1.1, 1.2, 1.3., and 1.4. According to the NPM, this refers to the development of guidelines for the integration of nature conservation into physical planning so this set of activities and budget (total of US\$ 32,000 for outputs 1.1-1.4 for 2009-2010) is not directly relevant to Outcome 1 (it is not directly related to demonstrating biodiversity friendly business) and should be moved to Outcome 4.

The fifth Output – *Output 1.5 The findings and the lessons learned from the four demonstration landscapes are systematically fed into county and national level practices (notably through Outcomes 2 – 4)* – has received no activity and was cut from the Annual Work Plans for 2007-2008, 2008-2009 and 2009-2010. Given that the Project needs to 'demonstrate' biodiversity friendly business, it is important that a set of activities are developed here for the COAST Project, but it would be better to include all project dissemination and lesson learning activities under a new Outcome 5.

The COAST Project also planned a 'small project on biodiversity conservation in Dalmatian forests' for the 2009-2010 work year under this Outcome (for Outputs 1.1-1.4), although no work has taken place on this activity and MTE recommends that this activity is cut as the COAST project is unlikely to have a significant impact with the very limited budget (US\$ 40,000) and manpower

available for this activity and many other projects are already contributing to forest conservation in Croatia so the relative contribution and impact of the COAST Project is likely to be minimal.

2. Outcome 2

Five separate Outputs are given under this Outcome:

- **Output 2.1** Increased availability of affordable capital;
- **Output 2.2** Functioning market-based incentives for biodiversity products;
- **Output 2.3** Increased consumer demand for biodiversity-friendly services and products;
- **Output 2.4** Improved approval processes for BD-friendly investments;
- **Output 2.5** Increased demand for capital to invest in profitable, biodiversity-friendly investments.

Again, many Outputs listed under Outcome 2 are unclear and some of their associated activities are more appropriate to other Outputs or even Outcomes, or are duplicated under different Outputs, and should be moved or merged. In particular, activities associated with the establishment and operation of the GBSP, and provision of technical assistance in elaboration of project proposals (listed under Outputs 2.1, 2.2 and 2.5 but without budgets) should be merged with GBSP activities in Outcome 1. The establishment of the loan guarantee scheme could perhaps remain in Outcome 2 as this is an arrangement with the banks and it could be argued is more closely connected with improving the 'investment climate'. Activities related to the promotion of 'green business' among general public and business community (Output 2.5) should also remain in this Outcome.

Outputs 2.3 and 2.5 should be deleted as both are dependent on many factors outside the control of the Project, e.g. economic situation, and neither leads to the Outcome (rather they would result from achievement of the Outcome and are probably better considered as indicators of Outcome 2). Output 2.4 should also be deleted as it is not clear what it is trying to achieve and many of the activities listed under this Output are more relevant to other Outputs/Outcomes.

Consequently, it is suggested that the number of Outputs under this Outcome is reduced to two: **Output 2.1** '*Increased availability of affordable capital for biodiversity friendly businesses in the four counties*'; **Output 2.2** '*Improved availability and promotion of market-based incentives and opportunities for biodiversity friendly business in the four counties*'.

3. Outcome 3

Seven Outputs are listed under this Outcome:

Output 3.1 A strong planning basis for regulating the biodiversity aspects of private sector investments and production;

Output 3.2 Strengthened capacity to increase compliance with biodiversity-related *tourist* regulations and guidelines;

Output 3.3 Strengthened capacity to increase compliance with biodiversity-related *agriculture* regulations and guidelines;

Output 3.4 Strengthened capacity to increase compliance with biodiversity-related *fishery* regulations;

Output 3.5 Strengthened capacity to increase compliance with biodiversity-related *mariculture* regulations;

Output 3.6 Strengthened capacity to control water quality;

Output 3.7 Strengthened capacity to enforce biodiversity regulations in and around *Protected Areas*.

Outputs and activities under this Outcome are, again, rather confused and in some cases not directly connected with the current wording of the Outcome. This Outcome relates to the implementation

and enforcement and not the strengthening of the law and regulations, but many activities covered under this Outcome do not deal with compliance and are misplaced here. Outputs 3.2-3.7 deal with building capacity for compliance with, or enforcement of, existing biodiversity related regulations, whereas several activities given in project reports and the AWP's deal with strengthening legislation or regulations. For instance, under Output 3.4, the Project Results Document provided to the MTET lists '*secured integration of major recommendations from the prepared studies into new national fisheries legislation*' as a result, but this relates to strengthening national legislation rather than compliance with existing regulations (and 'studies' relates to the various plans produced by activities under Outcome 1 so this activity is not relevant to Outcome 3 and should be included under Outcome 4). Output 3.1 should also be deleted and any activities to build capacity to better implement planning should be included in Outputs 3.2-3.7 (activities to improve planning regulations themselves, such as inventory work to identify potential NEN areas which are then fed into spatial plans, should be treated under a (reworded) Outcome 4).

No activities have taken place so far under Output 3.6 and all associated activities should be deleted. The COAST Project should only focus on the four core sectors of agriculture, fisheries, tourism and nature conservation, it does not have the resources (financial, staff, time) to deal with this sector, which is being covered by other organizations in Croatia (mostly Croatian Waters).

Activities within the boundaries of protected areas are not appropriate to a GEF BD2 mainstreaming project (they are instead the focus for BD1) and the COAST Project needs to be careful that it does not fund activities taking place inside formerly established protected areas such as national parks and nature parks (Nature Protection Act, O.G. 70/05). It is therefore recommended that no further project funds are spent on activities that directly contribute to supporting protected areas in Dalmatia, e.g. training on management plans for protected areas, and that Output 3.7 be reworded to 'Strengthened capacity to enforce biodiversity regulations outside of protected areas'.

4. Outcome 4

Three Outputs are listed under this Outcome:

- **Output 4.1** Effective political support to the project goal from high-level government and high-level private sector decision-makers;
- **Output 4.2** Essential policy and legislative changes in both government and private sector;
- **Output 4.3** Project successes disseminated and communicated across project area and beyond.

The wording of Outputs 4.1 and 4.2 are not specific enough – neither 'effective' nor 'essential' are defined or can be measured. All Project Outputs and activities related to strengthening of planning, legislation and regulations (not improving their enforcement, which is under Outcome 3) should be moved to this Outcome. Output 4.3, dealing with project dissemination, along with activities related to project management, monitoring and evaluation and lesson learning, would be better placed under a new Outcome 5.

Suggested changes to wording of COAST Project Outputs are given in the table below.

Suggested changes to wording of COAST Project Outputs

Outcome (original wording)	Output (original wording from Project Document)	Comments and recommendations	Suggested rewording of Output
<p>Outcome 1: Biodiversity-friendly development is demonstrated in four small, globally important, productive landscapes.</p>	<p>Output 1.1 On Pelješac Peninsula, Dubrovacko Primorje, Malostonski Bay and Malo More, biodiversity-friendly and diversified tourism is growing, all fish farms are biodiversity-friendly, traditional shell-fish farming and BD-friendly agriculture has expanded, abandoned lands recultivated with traditional/endemic sorts / plants / herbs, and critical micro eco-systems are protected</p> <p>Output 1.2 Across Vis Island and remote islands, sustainable use of biodiversity is driving economic development (notably, in the small hotel sector, the marina sector and in the micro-agricultural sector), degraded lands have been rehabilitated using traditional practices, and critical micro eco-systems are protected</p> <p>Output 1.3 In Krka estuary, significant number of large and small scale private sector enterprises (tourism, organic and traditional agriculture and shell-fish culture) are operating in a biodiversity-friendly manner, abandoned lands recultivated with traditional/endemic sorts / plants / herbs, all contributing to the local economy</p> <p>Output 1.4 In Northwest Zadar county, traditional agriculture and traditional food production has expanded and has increased in profitability, mariculture and family-run tourist enterprises are biodiversity-friendly, abandoned lands recultivated with traditional/endemic sorts / plants / herbs, and critical marine ecosystems are protected</p> <p>Output 1.5 The findings and the lessons learned from the four demonstration landscapes are systematically fed into county and national level practices (notably through Outcomes 2 – 4)</p>	<p>In their original wording, Outputs 1.1-1.4 are too ambitious and unlikely to be delivered by end of the Project. For instance, the COAST project is unlikely to be able to ensure that <i>‘all fish farms are biodiversity-friendly’</i> on the Pelješac Peninsula, Dubrovacko Primorje, Malostonski Bay and Malo (Output 1.1) or that biodiversity will be <i>‘driving economic development’</i> on the island of Vis by the end of the Project, or the extent to which the COAST project will create change for <i>‘recultivation of abandoned lands with traditional/endemic sorts / plants / herbs’</i> (Outputs 1.1, 1.3 and 1.4), due to external factors such as the current economic situation and government policy on investment for islands and the coastal region.</p> <p>Output 1.5 deals with lesson learning and dissemination of the COAST results and should be moved to a new Outcome 5 <i>‘Project management, monitoring and evaluation, results dissemination, and lesson learning carried out’</i></p>	<p>Outputs 1.1 <i>‘Pilot biodiversity friendly businesses in the agriculture, fisheries and tourism sectors established, demonstrated and promoted in Dubrovnik-Neretva County’</i></p> <p>Output 1.2 <i>‘Pilot biodiversity friendly businesses in the agriculture, fisheries and tourism sectors established, demonstrated and promoted in Split-Dalmatia County’</i></p> <p>Output 1.3 <i>‘Pilot biodiversity friendly businesses in the agriculture, fisheries and tourism sectors established, demonstrated and promoted in Sibenik-Knin County’</i></p> <p>Output 1.4 <i>‘Pilot biodiversity friendly businesses in the agriculture, fisheries and tourism sectors established, demonstrated and promoted in Zadar County’¹¹³</i></p>
<p>Outcome 2: An improved investment climate for BD-</p>	<p>Output 2.1 Increased availability of affordable capital;</p> <p>Output 2.2 Functioning market-based incentives for biodiversity products;</p>	<p>Output 2.1 should clarify that funding should be specifically available for BDFB (judged under GBSP criteria).</p>	<p>Output 2.1 <i>‘Increased availability of affordable capital for biodiversity friendly businesses in the four counties’</i></p>

¹¹³ The PIU commented that ‘Does it make sense to single out demo areas since GBSP is equally operational for coastal municipalities in all four counties? The fact is that we have more activities in demo areas... so maybe yes’. The MTET believes that counties should be the area of focus as it gives the Project a greater area to implement activities and therefore have a potentially greater impact.

Outcome (original wording)	Output (original wording from Project Document)	Comments and recommendations	Suggested rewording of Output
friendly enterprises across the four counties.	<p>Output 2.3 Increased consumer demand for biodiversity-friendly services and products;</p> <p>Output 2.4 Improved approval processes for BD-friendly investments;</p> <p>Output 2.5 Increased demand for capital to invest in profitable, biodiversity-friendly investments.</p>	<p>Output 2.2 needs to capture both development of certification schemes and market development and distribution issues activities, e.g. promotion of products at organic produce fairs, in its wording</p> <p>Outputs 2.3, 2.4 and 2.5 should be deleted (see main text).</p>	<p>Output 2.2 <i>'Improved availability and promotion of market-based incentives and opportunities for biodiversity-friendly business in the four counties'</i>¹¹⁴.</p>
<p>Outcome 3: Compliance with biodiversity-related regulations has increased significantly across all sectors across the four counties.</p>	<p>Output 3.1 A strong planning basis for regulating the biodiversity aspects of private sector investments and production;</p> <p>Output 3.2 Strengthened capacity to increase compliance with biodiversity-related <i>tourist</i> regulations and guidelines;</p> <p>Output 3.3 Strengthened capacity to increase compliance with biodiversity-related <i>agriculture</i> regulations and guidelines;</p> <p>Output 3.4 Strengthened capacity to increase compliance with biodiversity-related <i>fishery</i> regulations</p> <p>Output 3.5 Strengthened capacity to increase compliance with biodiversity-related <i>mariculture</i> regulations</p> <p>Output 3.6 Strengthened capacity to control water quality</p> <p>Output 3.7 Strengthened capacity to enforce biodiversity regulations in and around <i>Protected Areas</i></p>	<p>Output 3.1 should be deleted with capacity building activities relating to planning, incorporated into the Outputs 3.2 to 3.7 and legislation related activities moved to Outcome 4 and merged with Output 4.2 (see main text)</p> <p>Outputs 3.2 and 3.3 remain the same</p> <p>Output 3.4 and 3.5 should be reworded to include the words <i>'and guidelines'</i> so they are in line with Outputs 3.2 and 3.3</p> <p>Output 3.6 should be deleted (see main text)</p> <p>Output 3.7 should be reworded to reflect that BD2 only biodiversity conservation activities outside of protected areas</p>	<p>Output 3.1 <i>'Strengthened capacity to increase compliance with biodiversity-related tourist regulations and guidelines'</i></p> <p>Output 3.2 <i>'Strengthened capacity to increase compliance with biodiversity-related agriculture regulations and guidelines'</i></p> <p>Output 3.3 <i>'Strengthened capacity to increase compliance with biodiversity-related fishery regulations and guidelines'</i></p> <p>Output 3.4 <i>'Strengthened capacity to increase compliance with biodiversity-related mariculture regulations and guidelines'</i></p> <p>Output 3.5 <i>'Strengthened capacity to enforce biodiversity regulations outside of protected areas'</i></p>
<p>Outcome 4: A national-level enabling environment that appreciates, supports, institutionalises and disseminates biodiversity-friendly</p>	<p>Output 4.1 Effective political support to the project goal from high-level government and high-level private sector decision-makers;</p> <p>Output 4.2 Essential policy and legislative changes in both government and private sector;</p> <p>Output 4.3 Project successes disseminated and communicated across project area and beyond.</p>	<p>In Output 4.1 it is not clear what 'effective political support' means or how it will be measured or best achieved.</p> <p>In Output 4.2 it is not clear what the word 'essential' means. This Output should also include planning (incorporating activities currently under Output 3.1)</p> <p>Output 4.3 - would be best moved to a new</p>	<p>Output 4.1 <i>'Improved awareness and support among key high-level government and private sector decision-makers in agriculture, fisheries, tourism, and financial/economic, including banking, sectors of biodiversity friendly development alternatives'</i></p> <p>Output 4.2 <i>'Policy, planning, legislative and regulatory changes to support more biodiversity friendly development'</i></p>

¹¹⁴ The NPM commented that 'I am not convinced that we can so easily give up for example 2.3 and 2.5. In this new structure outcome 3 with 5 outputs became too "strong" as oppose to outcome 2 which seems weaker although it is essential for GBSP functioning which, as we agreed, is the single most important component of the whole project'.

Outcome (original wording)	Output (original wording from Project Document)	Comments and recommendations	Suggested rewording of Output
development in coastal areas.		Outcome 5 <i>'Project management, monitoring and evaluation, results dissemination, and lesson learning carried out'</i>	

COAST MTE Report Annex 7: Analysis of Project indicators and suggested reformulations or new indicators

Project strategy (original wording)	Original Indicator	Baseline	Target	MTE status and comments
Objective: To effectively transform actions, practices and approaches of private operators in the tourism, agriculture and fisheries sectors in the four coastal counties, in part by influencing the banking sector, and thereby mainstream biodiversity conservation into these	The volume of investments into biodiversity-friendly activities, assisted by the project, across the entire project area (four counties)	0	\$1,100,000 (total in 2009 and 2010) \$1,100,000 (total in 2011 and 2012) \$2,500,000 (for the entire project, 2009 to 2013)	<p>Comment. The 'volume of investments' is apparently taken as the total value of the GBSP projects (i.e. GBSP funding + co-financing). It should exclude the GBSP funding, as that is project funding. However, there is a bigger issue here over how to calculate the co-financing. The MTE believes that the calculations made to produce the 'total project value' for some of the GBSP projects (and therefore the overall total) are misleading and questionable. The MTET found that for some individual GBSP projects co-financing appeared to include funds from a much larger part of a pre-existing business that was either not directly connected with the GBSP grant or loan, or the project was older than two years (GBSP rules only allow relevant costs incurred up to two years before making an application to the GBSP to be considered as co-financing), and so cannot be counted as 'co-financing' for the GBSP¹¹⁵ (for examples, see main text). Applicants needed to find significant co-financing in order to be financed under the GBSP (e.g. for the first round 'grants' it was a 30% GBSP funds to 70% co-financing), and applicants could include land and buildings as co-financing. However, the MTET has a concern that the levels of co-financing could have been over-estimated as land and property values do not appear to have been assessed independently, and individuals interviewed had different ideas of the value of land and property.</p> <p>Recommendation. Co-financing needs to be assessed <u>independently</u> (not by PIU staff), and recalculated. It is also recommended that separate targets should be set for the three target sectors as co-financing in the form of land for agricultural products could contribute significantly to reaching the overall target. Suggested rewording of indicator is '<i>The volume of co-financing invested into biodiversity-friendly agriculture, fisheries/mariculture and tourism activities, through the COAST Project GBSP, across the four target counties</i>'. As this indicator deals with the GBSP it should be moved to Outcome 1 to replace the second outcome indicator. Also, the target end dates need to be reconsidered according to whether the GBSP element of the COAST Project will be extended as recommended.</p>

¹¹⁵ The GBSP Implementation Manual Version 2.0 (dated 2008, used for the first call for proposals in 2008, but also same text in version 4.0, dated 2009, and used for second call for proposals) states that ineligible costs include '*items already financed in another framework, including costs for any preliminary studies and activities, carried out before the commencement date of the grant contract and that costs must not be older than two years and the sum of the costs incurred before signing Letter of Agreement must not be higher than 50%*' (page 14).

sectors.	<p>Biodiversity Indicator No. 1.</p> <p>Size of the area that the project has mainstreamed biodiversity conservation and sustainable use into the productive landscape and relevant sectors.</p>	0	<p><u>Direct contribution</u> 663,000 ha of land surface 702,000 ha of sea surface</p> <p><u>Indirect contribution</u> 629,000 ha of land surface 1,640,000 of sea surface</p>	<p>Comment. This is not a 'biodiversity indicator' in the usual sense of the term (measure of changes in status or populations of target species or habitat, or reduction of threats to these). It is a standard indicator adopted by many GEF mainstreaming (BD2) projects and is included within the Tracking Tool (TT)¹¹⁶. However, the calculation of direct and indirect 'contribution' is not explained clearly or in sufficient detail in the TT. It appears to be based on whether GBSP schemes and projects are established within the 'direct' and 'indirect' area of a County. If the Project wants to use the GBSP as measure, the 'direct' area affected should only be that covered by the individual (non-livestock) agricultural GBSP projects and 'indirect' that covered by others initiatives that have copied the GBSP models during the project period but not funded by GBSP (so GBSP is replicated), e.g. neighbouring farmers.</p> <p>Recommendation. An alternative measure could be the area covered by spatial and development plans which incorporate project BD priorities developed by the Project (e.g. from the various Action Plans, and spatial plans which incorporate Project GIS biodiversity and landscape information). The indirect targets should remain the same. Suggested rewording 'Size of area covered by new or revised county- or local-level spatial or development plans which have directly incorporated biodiversity friendly development priorities and information from the COAST Project'. Although it is recognised that the COAST Project has limited influence over the political process to change national, county and municipal plans, the central strategy of the COAST Project is mainstreaming (BD2) and it needs to have indicators that can show whether this strategy has been successful.</p>
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¹¹⁶ During review of a draft of this table the UNDP CO noted that there was a 'discussion with the Regional Technical Advisor at the inception stage/workshop when it was explained this indicator directly comes from the GEF FA BD SP2 targets – where the outcome target aims to a number of hectares where BD is mainstreamed in production landscape' when it was stated that 'project area surface in ha is a valid indicator – means the project is on-going and is making a difference in production sectors throughout this project area. Her reasoning was that she saw in other countries governments decreased or changed project areas (thus not meeting indicator target) and she was happy with having this, if remain unchanged, although we considered this not really appropriate.' The MTET would like to note that retaining a poor indicator inherited from the initial design of the project is not cost-effective, efficient or useful, whatever happens in other countries.

	<p>Biodiversity Indicator No. 2. Species composition and abundance in key habitats: - Salt marshes (alliance <i>Arthrocnemion</i>) at 3 localities in project area: (1) Blace-Neretva; (2) Privlaka (Zadar); (3) Vlačići (Pag).</p>	<p>2005 situation – as recorded in the Flora Croatica Database</p>	<p>Remains unchanged</p>	<p>Comment. Very limited indicator as it covers only a very small % of project area (only 5-7, 25m x 25m plots at each site and the sites are not even in all 4 Counties) doesn't react to Project activities that are trying to promote BDFB in agriculture, fisheries or tourism, and changes in composition could be due to many causes outside of project influence, such as climate change. According to the Project Document, this indicator 'uses the quality of key habitats to indicate the overall biodiversity quality across the coasts'. According to the PIU, it was selected as an example of a 'valuable, fragile, and threatened area'¹¹⁷, however, during an MTE interview, the CTE stated that, originally, sampling of salt marsh plant communities was planned for 26 sites but this was reduced to just 3 due to the Project's monitoring budget being cut during inception period (forced revision of the budget due to fall in value of the US Dollar). In addition, in the original (Project Document) logframe there were 6 key habitats - 3 <i>xeric</i> grasslands and three saltmarshes, but the grassland sites were also cut. Apparently, a broader habitat-based indicator was also originally suggested as an indicator during the PDF-B stage, but the use of satellite maps for monitoring habitat changes were considered too expensive. However, the existing indicator – measuring changes in the plant communities at a few scattered salt marsh plots - is not an adequate.</p> <p>Recommendation. Take out and replace with new biodiversity or landscape indicator, possibly based on habitat changes, e.g. changes in beach or seagrass habitats in the four demonstration areas (the MTET understands that baseline data exist for these) or habitat cover from satellite data (possibly using that collected as part of inventory work to strengthen the National Ecological Network as baseline). Alternatively, OIKON developed a landscape index (comprised of three measures) and calculated the baseline for the first year of the Project, which could be adopted as a landscape indicator. A specific indicator for the impact of Project activities focused on the fisheries sector around the island of Vis, could include measuring disturbance to the seabird colonies around the island (particularly Cory's Shearwater <i>Calonectris diomedea</i> and the Yelkouan Shearwater <i>Puffinus yelkouan</i>, which form rafts offshore from colonies in the late afternoon and are sensitive to disturbance), studies of which are being funded by the COAST Project. Changing the indicators here will require readjusting the Project budget and making more funds available for Project monitoring activities. Another possible indicator that could be considered is changes in the area of seagrass beds¹¹⁸ (important nursery areas for many of the commercial fish species caught off the Dalmatia coast, and for turtles).</p>
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¹¹⁷ Again, during review of a draft of this table the UNDP CO noted that 'It was set like this based on the assumption that Dalmatia/Eastern Adriatic, as project area, is internationally recognised as having global significance i.e. part of Mediterranean is one of 25 global BD hot-spots, while WWF identified it as one of 13 priority areas for conservation. So these are indicators for Dalmatian BD as globally significant project area. Another problem was non-existing baseline data and systematic monitoring and the cost it may imply. So this was a "compromise" solution'. The MTET notes that the Project Document lists many other globally or regionally important, threatened or endemic species and rare habitats for the Dalmatian coast (listed under Annex 8 Demonstration Landscape Profile Sheets in the Project Document) but, surprisingly, these do not seem to have been considered as indicators for assessing Project impacts.

¹¹⁸ The UNDP CO notes that 'We planned a COAST activity on "Environmental management of anchorage sites", (AWP 2009-2010, 3.6.2.) which could reduce threat to this habitat' but also noted that Posidonia takes a minimum of 3 years to recover from damage (so changes due to Project activities may not be measurable in the timeframe of the Project).

<p>Outcome 1: Biodiversity-friendly development is demonstrated in four small, globally important, productive landscapes.</p>	<p>Application of GEF biodiversity "tracking tool" shows improvement in sectoral activities throughout life of project</p>	<p>Biodiversity Tracking tool attached</p>	<p>Improved ratings at the mid-term and final evaluation</p>	<p>Comment. Problems completing the TT due to unclear English and lack of definition of indicators at ProDoc stage. Relies in part on Biodiversity Indicator 1 above, so difficult to calculate. Progress was reviewed jointly by the MTET and NPM. Some progress has been achieved, generally in accordance with targets set in tracking tool. In some cases (e.g. shellfish farming) the precise official data / statistics are not available (or are known to differ greatly from the actual situation), so the best available expert estimate has been used for monitoring and assessing progress.</p> <p>Recommendation. This should be moved to the Objective level as it is a composite 'indicator' normally given for a project objective rather than outcomes and relates to the overall success of mainstreaming. Recalculate after logframe indicators have been changed. A possible indicator that could be included under Outcome 1 could be <u>completion</u> of a set of 80 financially viable GBSP projects divided between agriculture, fisheries and tourism sectors that produce visible (demonstrated/measured) biodiversity benefits within 5 years of the first Call for Proposals of the Project in the 4 counties.</p>
	<p>The <i>revenue</i> from the biodiversity-friendly investments, assisted by the project, across the entire project area (four counties).</p>	<p>0</p>	<p>\$150,000 in 2010 (investments from 2009 only) \$600,000 (investments from 2009 to 2013)</p>	<p>Comment. It is not clear what 'investments' in the target column refers to. 'Revenue', in the indicator presumably means 'money produced by', in which case the problem is that all of the GBSP projects are still in the development stage. In addition, some of the projects from the first Call are not businesses and will not develop into businesses so will not generate any 'revenue', e.g. dolphin surveys around Island of Vis. Also, GBSP projects in different sectors are likely to require different lengths of time before delivering 'revenue', e.g. tourism projects are likely to be much quicker than those in agriculture (so sector-specific targets are required), and furthermore, the <u>revenue</u> derived from the GBSPs depends in large part on the market, which is external to the COAST Project and beyond its control.</p> <p>Recommendation. Replace this indicator with modified Objective Indicator 1 as suggested above (<i>The volume of co-financing invested into biodiversity-friendly agriculture, fisheries and tourism activities, through the COAST Project GBSP, across the four target counties</i>) and create sector-specific targets.</p>
<p>Outcome 2: An improved investment climate for BD-friendly enterprises across the four counties.</p>	<p>Number of loans and incentives/subsidies programs integrating BD criteria developed by the project into approval process</p>	<p>None</p>	<p>2 in 2008 5 in 2009 7 in 2013</p>	<p>Comment. Not clear what 'incentives/subsidies' refers to (it shouldn't mean the small grants given as part of GBSP in 1st round). Seems to apply to mostly to GBSP projects but could be made much wider to apply to any SME projects that Splitska Bank, Jadranska Bank, CDAs or Ministries are funding which have <u>directly</u> incorporated COAST Project's biodiversity criteria. There has been only one loan among 1st round of GBSP projects (and he applied to Sibenik-Knin County fund rather than the GBSP).</p> <p>Recommendation. Remove words 'incentives/subsidies programs' and expand to include other loan schemes that have taken up BD criteria produced by the COAST project, e.g. other banks, and loan programmes offered by Ministries of Agriculture and Tourism, and increase final target to total of 20 loans (from any source) by 2013 (end of project). Suggested rewording '<i>Number of loans (GBSP and other loan arrangements targeted by the Project) in agriculture, fisheries/mariculture and tourism sectors integrating biodiversity criteria developed by the COAST Project into approval process</i>'.</p>

Number of banks participating in the project	1 (HBOR)	5 in 2008 7 in 2009 10 in 2013	<p>Comment. Not a good indicator as 'participating' could mean almost anything - it has been interpreted by the PIU as meaning 'attending workshops'. However, the MTET considers that simply attending a workshop on green banking (in Zagreb so most attendees had little distance to travel so didn't need to make any substantial effort) does not qualify as real, meaningful 'participation'. Unfortunately, there has been no real follow-up interest after these workshops by the 'participating' banks, e.g. requests for information on BD criteria from the banks or expression of interest to join the GBSP. In addition, the MTET considers the indicator targets unrealistic in the current economic climate (which has changed considerably since the PDF-B stage when the targets were set). Banks are now much more risk-averse, and 'green business' is still seen as a new niche market which because it focuses on sectors which are already associated with high risk, particularly agriculture, means that banks are not likely to invest at present. There are 32 banks in Croatia, which would mean that the COAST project would need to transform almost a third to 'green business' under the current targets. In the MTET's opinion, encouraging 1-2 Dalmatian banks (Splitska and Jadranska banks) to fully adopt a green business model as part of their standard investment practice would still be a hard and valuable but achievable target for the Project. The Project's choice of Splitska Bank as its main focus is appropriate as the bank has many branches dispersed throughout Dalmatia.</p> <p>Recommendations. Suggest that change to 'Number of banks adopting biodiversity criteria developed by the project within SME financing application processes in the 4 counties by end of project' or something similar. Target should be changed to '3 banks, including one national level (HBOR), by end of Project.</p> <p>More general 'awareness' indicators that could be employed here could include: number of requests to the Project team from businesses and banks for information on green business in baseline year compared to last year of the project.</p>
Number of units applying for Tourism eco-label scheme and award competition	None	10 in 2010 25 in 2013	<p>Comment. Need to define what a 'unit' is and then the indicator should be the number of 'units' applying for and also being <u>awarded</u> certification. Problem here is that creation of the certification scheme is outside the control of the Project.</p> <p>Recommendation. Suggested rewording '<i>Number of units (hotels, camp sites, private guest houses, family farm, travel agencies) being awarded eco-label accreditation in Project's target areas</i>'. Could also have a separate indicator for projects achieving certification of organic agriculture, with suggested wording of the indicator 'number of farmers gaining national 'eco' certification in Project's target areas'. Certification of marine fisheries along the Dalmatia coast as sustainable would be very expensive and very difficult under, say the Marine Stewardship Council criteria, and there is no national movement towards this by the Fisheries Department at present, which has more pressing problems.</p> <p>More general 'awareness' indicators which could be employed here could include: number of requests to the project team from local travel agents and tourist boards for Project information on ecotourism in baseline year compared to last year of the project.</p>

Outcome 3: Compliance with biodiversity-related regulations has increased significantly across all sectors across the four counties.	Change in fishery regulation	None	At least one new measure	Comment. Poor indicator as non-specific (non-SMART). Also, changes in legislation and regulations are driven by the Government, and the COAST Project does not have control over either the process or the timetable. Recommendations. This indicator should be merged with the second indicator under the existing Outcome 4 as it deals with changes in legislation/regulations, although, again, the COAST Project has limited influence over the regulatory process and may not be able to meet the targets due to external influences.
	Number of spatial plans that integrate recommendations provided by the project	None	Input documents prepared by the project to four county plans and/or municipality plans – 5	Comment. This indicator is in the wrong place. It should be under Outcome 4. Recommendations. Suggest indicator is moved and replaced with another, such as ‘Reduction in sale of illegal, under-sized fish at selected fish markets by end of project, compared to baseline’ (which would measure the impact of the proposed educational campaign with the fishermen in Vis). Another possible indicator could focus on the ‘% adoption of fishing gear that reduces bycatch of threatened species among target fishermen groups around the island of Vis’, or (less ideal) a ‘(reduction in) the number of prosecutions for illegal fishing in target areas at end of Project activities’. For the shellfish farming sub-sector a suggested indicator might be ‘% adoption of COAST Project guidelines for integrated shellfish farming development plans by shellfish farming communities in Project’s target areas’ or ‘reduction in illegal take of target shellfish (those which are the target for the GBSP projects) in key areas along Dalmatian coastline compared to baseline’ (baseline from inventory and Action Plan studies). Some indicators for agriculture and tourism are also needed.
Outcome 4: A national-level enabling environment that appreciates, supports, institutionalis	Number of national level programmes that incorporate biodiversity criteria developed by the Project	None	2 in 2010 3 in 2013	Comment. Indicator needs to define which sectors it is measuring (agriculture, fisheries, tourism, banking, nature conservation). Also, not very ambitious targets, should have at least 4 for each sector by end of Project. Recommendations. Reword to specify sector and increase targets to 4 per sector.

<p>es and disseminates biodiversity-friendly development in coastal areas.</p>	<p>The number of Parliamentary or Governmental laws, regulations or other measures that relate to coastal areas and integrate or directly target biodiversity conservation goals</p>	<p>None</p>	<p>At least two new measures respectively in agriculture, fisheries, tourism, banks</p>	<p>Comment. Target gives no date, so it is assumed it is end of project and there is no MTE target. ‘Other measures’ not defined. Also, this indicator is not linked directly to the COAST project as written (changes in laws or regulations are likely to be due to EU accession rather than the COAST project so indicator need to show this). Baseline is also wrong – as there was legislation, regulations and plans before the COAST Project that included biodiversity conservation goals. In addition, the target includes the word ‘banks’ but it is very unlikely that any government in the world would impose measures on the banking sector to force them to fund biodiversity friendly businesses, so this should be removed from the target.</p> <p>Recommendations. Reword to make more specific. Suggested wording ‘<i>The number of new or revised policies, laws or regulations relevant to agriculture, fisheries/mariculture or tourism in Dalmatia that integrate recommendations or guidelines on business friendly development or biodiversity conservation produced by the COAST Project</i>’. Change targets to 1 in 2011, and 2 in 2013.</p> <p>More general ‘awareness’ indicators which could be employed here could include: number of government press releases and policy statements mentioning green business in baseline year compared to last year of the project, or number of articles per year (in baseline year) in selected national newspapers compared with last 12 months of the project (gives an indication of uptake of the Project’s message by the media).</p>
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**COAST MTE Report Annex 8: Revised objective, outcomes, outputs and indicators for Logical Framework Matrix for COAST Project
(without original risks and assumptions for brevity)**

Project Strategy	Objectively verifiable indicators			
Goal	To ensure that the development path of the Croatian coast is environmentally friendly, with the conservation of biological diversity firmly mainstreamed into that development path			
	Indicator	Baseline	Target	Sources of verification
Objective: <i>To transform actions, practices and approaches in the agriculture, fisheries and tourism sectors to support more biodiversity friendly and sustainable development in the four coastal counties of Dalmatia, in part by influencing the banking sector to support more biodiversity friendly investment</i>	Application of GEF biodiversity “tracking tool” shows improvement in sectoral activities throughout life of project	Biodiversity Tracking tool attached	Improved ratings at the mid-term and final evaluation	Official BD2 Tracking Tool Reports
	Size of area covered by new or revised county- or local-level spatial or development plans which have directly incorporated biodiversity friendly development priorities and information from the COAST Project	0	<u>Direct contribution</u> 663,000 ha of land surface 702,000 ha of sea surface <u>Indirect contribution</u> 629,000 ha of land surface 1,640,000 of sea surface	Project records, copies of county or local plans
	Need new biodiversity or landscape diversity indicators. Could consider: 1. Changes in coverage of area of key habitats for biodiversity (measures overall success of mainstreaming activities, especially in tourism and agriculture sectors) 2. Changes in landscape index (measures overall success of mainstreaming activities) 3. Changes in area and status of key beach habitat at selected sites (at least 5/county) in Dalmatia under pressure from tourism 4. Increase in populations and trade of rare native animal breeds and plant varieties in Project’s target areas ¹¹⁹	1. Habitat baseline maps undertaken at beginning of COAST Project 2. Baseline are the landscape studies developed by OIKON in the 4 target areas 3. Use baseline data collected during beach inventory work during first year of Project 4. Use baseline of background study on native breeds and varieties in Dalmatia	Define targets with Chief Technical Experts and OIKON	Define sources of verification with Chief Technical Experts and OIKON

¹¹⁹ The UNDP CO notes that ‘Some of these are far too ambitious and not linked to GBSP activities’. However, the MTET notes that these indicators of the overall objective and not just the GBSP.

Outcome 1: <i>'Biodiversity friendly development models in the agriculture, fisheries and tourism sectors are demonstrated across the four counties of Dalmatia'</i>	The volume of co-financing invested into biodiversity friendly agriculture, fisheries/mariculture and tourism activities, through the COAST GBSP across the four counties	0	\$1,100,000 (total in 2009 and 2010) \$1,100,000 (total in 2011 and 2012) \$2,500,000 (for the entire project, 2009 to 2013)	Project reports, GBSP project reports and final Project audit
	GBSP established and projects completed in agriculture, fisheries and tourism sectors in the four counties	0	80 Projects (X in agriculture, Y in fisheries and mariculture and Z in tourism) by end of Project (targets need to be defined)	Project reports, GBSP project reports
Outcome 2: <i>Investment climate and market opportunities and measures for BD-friendly enterprises improved across the four counties</i>	Number of loans (GBSP and other loan arrangements targeted by the Project) in agriculture, fisheries and tourism sectors integrating biodiversity criteria developed by the COAST Project into approval process	None	2 in 2008 5 in 2009 Total of 20 by 2013	Project records
	Number of banks adopting biodiversity criteria developed by the project within SME financing application processes in the 4 counties by end of project	0	4 by 2013	Project and bank records
	Number of units (hotels, camp sites, private guest houses, family farms, travel agencies) being awarded tourism eco-label accreditation in Project's target areas	None	10 in 2010 25 in 2013	Copies of eco-label certificates
	Number of farmers gaining national 'eco' certification in Project's target areas	Baseline from information collected for development of agriculture action plans	To be defined by CTEs and UNDP	Copies of certification certificates, Project reports
Outcome 3: <i>Capacity (knowledge, tools, training) and awareness to support compliance with biodiversity related legislation, regulations and guidelines relevant to the agricultural, fisheries and tourism has increased in all four counties</i> [It is suggested that this Outcome is cut from the logframe. If retained, rewording is suggested with modified indicators]	Reduction in sale of illegal, under-sized fish at selected fish markets (e.g. Vis) by end of project	Baseline from project survey undertaken before awareness-raising activities	At least 25% reduction in sale of illegal sized fish	Survey reports undertaken by independent consultants
	% adoption of fishing gear that reduces bycatch of threatened species among target fishermen groups around island of Vis	None	At least 10% of fishermen	Project survey reports, assessment by CTEs
	% adoption of COAST Project guidelines for integrated shellfish farming development plans by shellfish farming communities in Project's target area	Baseline from information collected from development of integrated shellfish farming plans	To be defined by CTEs and UNDP	Copies of certification certificates, Project reports
	Need indicator for improved compliance with biodiversity agriculture regulations		To be defined by CTEs and UNDP	Copies of certification certificates, Project reports

	Need indicator for improved compliance with biodiversity tourism regulations – possibly based on blue flag status	Baseline from beach surveys?	To be defined by CTEs and UNDP	Copies of certification certificates, Project reports
Outcome 4: <i>National-, county- and local-level enabling environments (policy, legislation and regulations, planning, and institutional) are strengthened to support more biodiversity friendly development in Dalmatia</i>	Number of national level programmes that incorporate biodiversity criteria developed by the Project	None	At least 4 each for agriculture, fisheries/mariculture and tourism sectors by 2013	PIU reports; official documents of MEPPPC / local planning institutes
	The number of new or revised policies, laws or regulations relevant to agriculture, fisheries/mariculture or tourism in Dalmatia that integrate recommendations or guidelines on business friendly development or biodiversity conservation produced by the COAST Project	None	At least two new measures respectively in agriculture, fisheries, and tourism by end of 2013	Project records Copy of legal measures
	Number of national, county or local spatial plans that integrate recommendations provided by the COAST Project	None	Input documents prepared by the project to four county plans and/or municipality plans – 5	PIU reports, physical plans
	Lessons learned from GBSP activities applied to other sites in Project area	0 demonstration sites at start of year 1	Lessons learned applied to at least 5 other sites by end of Project	- Project progress reports - References to project activities in reports, press releases, documents from additional bottleneck areas
Outcome 5: <i>Learning, evaluation and adaptive management increased</i>	Positive monitoring and evaluation reports, both internal and external	Inception Report	GEF-UNDP Mid-term and Final Evaluations and reports show positive reports	- Project progress reports - Monitoring and Evaluation reports by UNDP-GEF - Minutes of PSC, and other advisory meetings
	Outcome 1: <i>Biodiversity-friendly development is demonstrated in four small, globally important, productive landscapes</i>	Outputs 1.1 <i>'Pilot biodiversity friendly businesses in the agriculture, fisheries and tourism sectors established, demonstrated and promoted in Dubrovnik-Neretva County'</i> Output 1.2 <i>'Pilot biodiversity friendly businesses in the agriculture, fisheries and tourism sectors established, demonstrated and promoted in Split-Dalmatia County'</i> Output 1.3 <i>'Pilot biodiversity friendly businesses in the agriculture, fisheries and tourism sectors established, demonstrated and promoted in Sibenik-Knin County'</i> Output 1.4 <i>'Pilot biodiversity friendly businesses in the agriculture, fisheries and tourism sectors established, demonstrated and promoted in Zadar County'</i> ¹²⁰ ,		

¹²⁰ The PIU commented that 'Does it make sense to single out demo areas since GBSP is equally operational for coastal municipalities in all four counties? The fact is that we have more activities in demo areas... so maybe yes'. The MTET believes that counties should be the area of focus as it gives the Project a greater area to implement activities and therefore have a potentially greater impact.

<p>Outcome 2: <i>An improved investment climate for BD-friendly enterprises across the four counties</i></p>	<p>Output 2.1 'Increased availability of affordable capital for biodiversity friendly businesses in the four counties' Output 2.2 'Improved availability and promotion of market-based incentives and opportunities for biodiversity friendly business in the four counties'</p>
<p>Outcome 3: <i>Capacity (knowledge, tools, training) and awareness to support compliance with biodiversity related legislation, regulations and guidelines relevant to the agricultural, fisheries and tourism has increased in all four counties</i></p>	<p>Output 3.1 'Strengthened capacity to increase compliance with biodiversity-related tourist regulations and guidelines' Output 3.2 'Strengthened capacity to increase compliance with biodiversity-related agriculture regulations and guidelines' Output 3.3 'Strengthened capacity to increase compliance with biodiversity-related fishery regulations and guidelines' Output 3.4 'Strengthened capacity to increase compliance with biodiversity-related mariculture regulations and guidelines' Output 3.5 'Strengthened capacity to enforce biodiversity regulations outside of protected areas'</p> <p>[Note: it is suggested that this Outcome is cut from the Project, as compliance-related activities are not so relevant to the main aim of the Project which is to develop, demonstrate and promote BDFBs and help create the enabling environment to support green business.]</p>
<p>Outcome 4: <i>A national-level enabling environment that appreciates, supports, institutionalises and disseminates biodiversity-friendly development in coastal areas</i></p>	<p>Output 4.1 'Improved awareness and support among key high-level government and private sector decision-makers in agriculture, fisheries, tourism, and financial/economic (including banking) sectors, of biodiversity friendly development alternatives' Output 4.2 'Policy, planning, legislative and regulatory changes to support more biodiversity friendly development'</p>
<p>Outcome 5: <i>Learning, evaluation and adaptive management increased</i></p>	<p>Output 5.1 Project management structure established and operational Output 5.2 Project monitoring, evaluation, reporting and lesson learning systems and structures established and operational Output 5.3 Project results dissemination systems and structures established and operational</p>

COAST MTE Report Annex 9: Description of the GBSP application and evaluation process (provided by PIU)

Stage of application and evaluation process	Activities	Responsible individuals / decision makers	MTET comments and recommendations
1. Call for Proposals and applications sent in	Call for expression of interest is open for limited period of time. Application should be sent to PIU, Split and CDAs in all four counties.	PIU, CDAs, UNDP, county administrations	Call for expression of interest should be open permanently on a 'first come- first served' basis, which would eliminate one 'bottleneck' in the assessment process. Promotion and communication strategy of GBSP should be adjusted for this purpose.
2. Grouping of applications	All applications are divided into their relevant sector, covering agriculture, tourism, fisheries/aquaculture, and biodiversity conservation	PIU staff	PIU should undertake a quick analysis of all the applications and eliminate those which are not eligible. The two Project Associates (Economist, Biologist) should lead this process.
3. Grading of applications	Experts and members of Technical Unit (TU) evaluate and grade the proposals according to the criteria in the GBSP Implementation Manual, and give suggestions on how individual proposals and projects could be improved. TU fills out and signs TU evaluation sheets which are first basis for the listing of eligible projects.	Technical Unit members responsible for specific sectors, including economic experts	Biodiversity and economic criteria used for grading applications are too general. Many individual projects have a logframe but they vary in quality enormously and none have adequate biodiversity or economic indicators for success. In addition, economic performance indicators (PIs) should be defined for each sector separately. Main topics such as market segmentation, length of production cycles, profitability, return on investment, cost structure, and revenue structure, have different characteristics in different sectors.
4. List of eligible project applicants to be interviewed compiled	PIU draw up list of interviewees, submit it for the formal approval by email to the members of the Evaluation Committee. Members of the Committee are: 1) National Project Director from MZOPUG (Dr. Nikola Ružinski); 2) Representative of UNDP (Sandra Balent); 3) National Project Manager (Gojko Berlenji); 4) Representative of the county administration in which application is located; 5) Director of CDA. After their approval, rejection letters are sent to all applicants whose projects are not to be funded.	PIU staff compile a list of eligible projects for interview. GBSP Evaluation Committee for evaluation and selection of projects	It is not clear why the Evaluation Committee has to approve proposals at this early stage. The approvals are formal and time consuming (require at least 1-2 weeks) and could be dispensed with. The responsibility for this stage of the selection processes should rest with the PIU.
5. Interview of potential local beneficiaries	Members of the Evaluation Committee delegate members of the Working Group as their representatives. Members of Working group are: representatives of CDA (Director and seconded); representative of county administration (from respective departments) and from PIU in Split. Interviews take place in CDAs offices in each county with local applicants. Interviews give opportunity to analyze the personality and business	The members of Working Group	These interviews are considered an important part of the assessment process, and it is especially important that COAST Project partners are involved. Consequently, the MTET recommends that representatives of the Jadranska and Splitska banks join the Working Group, as well as the county administrations and CDAs.

	experience of the applicant and other important members of his/her team, a more thorough examination of the proposed project targeting issues not in the application form, and examination of documents that are related to the project.		
6. Approval of selected projects	The Evaluation Committee approves a list of selected projects, after which the PIU issues a 'Letter of Intent' which informs the potential GBSP beneficiary of approval and any specific conditions attached. Applicants are then expected to submit a much more detailed project proposal.	Evaluation Committee and PIU	Some applicants have not been kept properly informed of the status of their application submitted under the first Call for Proposals in 2008, and some interviewees expressed disappointed or even anger about the situation. The lack of communication is considered a failure on the part of the PIU, as a 17-month wait to hear about an application is too long under normal business standards. The PIU should send written information about to all 61 applications still in the pipeline to the respective applicants as a matter of urgency. The lack of communication with potential GBSP beneficiaries could seriously damage the image and reputation of the GBSP, negatively impacting its chances for success as well as its sustainability. The Letters of Intent appear to have been issued without basic economic and financial data or information needed to assess the true business potential of the proposed project. A draft of the beneficiary's potential profit/loss account related to the project idea should be provided at the very beginning of the application process (in Phase 1)
7. Field visit to the potential local beneficiaries	Members of PIU and secondees together identify and confirm the need for the type of support to be given from the GBSP (verification of project proposal).	Deputy Project Manager, PIU, Split	Field visit is necessary but should come after the interview (Phase 5) and before the approval and posting of Letter of Intent (Phase 5), as field visits often give a different prospective on a project, which should be taken into consideration before project approval. The need for potential help should be identified during the interview (Phase 5).
8. Elaboration of the project idea	Applicant (potential beneficiary of GBSP support) is tasked to elaborate his/her project idea in written form, which will become the 'Approved Project Proposal' (APP) and be attached to their contract with COAST/GBSP. APP covers: 1) Efficiency of project (impact on biodiversity and business aspects); 2) Risk assessment and measures to minimize potential risks; 3) Precise definition of activities and expected results from the project; and 4) Arrangements for monitoring of project implementation.	Project applicant. Secondee, other members of PIU, even sector experts, may help the applicant at this stage.	This is a critical phase of the application assessment process because of its length. According to MTET interviews of GBSP recipients, it takes at least 'a few months' to receive APP, and it is not clear why it should take so long (another 'bottleneck' in the application and evaluation process. The MTET recommends that the Letter of Intent should be updated with a specific deadline for completion of the revised proposal and other required documents required for completion of the APP. The MTET recommends that a maximum of 2 months is given for this process, and if not completed within this time the project should be refused. Also, the APPs should have the same format as the standard business plan for SMEs in Croatia, as this would make it easier to find consultant for drafting of the business plan and to monitor project progress and assess likely financial viability and business sustainability.
9. Preparation of contract and all other necessary documents	PIU, Split (economist) and secondees collect documents according to the Letter of Intent and prepare the project contract.	Deputy Project Manager, PIU, Split, Project Associate (Economist), secondees	There is a huge quantity of administrative work associated with this stage which slows down the application assessment process. Efficiency and effectiveness could be greatly improved through employing an assistant to help at the PIU. It would also help reduce the considerable workload of the Project Associate (Economist) and free her to do more important and essential work relating to the GBSP.

10. Internal UNDP vetting procedure for clearance and approval of project (CAP)	The 'Contracts, Assets and Procurement procedure' (CAP), is an UNDP requirement for all projects with payments through UNDP.	Residence representative UNDP, Croatia UNDP CO staff	This phase is quite short (1 week) and doesn't introduce significant delay.
11. Signing of project approval decision	After internal CAP, contract is signed by Dr. Nikola Ružinski (MZOPUG) and Sandra Balent (UNDP)	National Project Director and representative of UNDP, Croatia	This phase usually takes at least 1 week as it requires time from two very busy individuals.
12. Signing of contract with project applicant	UNDP representative and the National Project Manager of PIU, Split sign the contract and all the attachments. The Director of the relevant CDA and beneficiary also sign a contract, and a representative of the county administration and Director of the relevant CDA sign the decision.	National Project Manager, Split, CDAs Director, county administration representative Beneficiary	The need for many people from different institutions all located in different cities to sign the contract and associated documents introduces possibility of a very considerable delay. The procedure for sending and collecting signed documents should be checked and made as fast as possible.
13. Implementation of the contract	After receipt of all necessary documentation, payment is released. The required documents are stated in the Letter of Intent and usually are offers from suppliers, invoices and cost estimate.	Deputy Project Manager, Split	Payments of grants are divided in two parts. The second payment is made after strict monitoring of the GBSP project implementation. However, a long delay in payment of the second installment has created problems for some projects, especially those in agriculture, which are tied to production cycles.

**COAST MTE Report Annex 10: Disbursement of main co-funding to 31st December 2009
(US\$) (figures rounded)**

Co-financier	Classification	Type	Amount (US\$)	Total spent to 31st December 2009	%
MEPPPC	Government	Grant and in-kind	1,891,000	980,000	51.82
MSTTD	Government	Grant and in-kind	2,029,000	790,000	38.94
MAFWM	Government	Grant and in-kind	628,000	380,000	60.51
MC-SIPN	Government	Grant and in-kind	973,000	630,000	64.75
MSES	Government	Grant and in-kind	300,000	160,000	53.33
Ecofund	Government	Grant	700,000	380,000	54.29
HBOR	State-owned bank	Mostly grant	207,000	60,000	28.99
County of Zadar	Government	Grant and in-kind	1,235,000	640,000	51.82
County of Sibenik	Government	Grant and in-kind	923,000	490,000	53.09
County of Dubrovnik	Government	Grant and in-kind	363,000	280,000	77.13
County of Split	Government	Grant and in-kind	1,019,000	520,000	51.03
Croatian Waters	State owned service enterprise	Mostly grant	4,632,000	4,200,000	90.67
Croatian Forests	State owned service enterprise	Mostly grant	390,000	80,000	20.51
Institute for Oceanography and Fisheries	State owned scientific institute	In-kind	1,490,000	1,320,000	88.59
WWF	NGO	Grant and in-kind	220,000	220,000	100.00
PAP/RAC	Int. organisation (UNEP/MAP)	In-kind	16,000	10,000	62.50
Split County Protected Areas Institute	Local government	In-kind	180,000	80,000	44.44
County Tourism Boards	Local government	In-kind and grant	113,000	60,000	53.10
UNDP	IA	Grant	300,000	150,000	50.00
Various	Private sector (SMS, Ston saltpan, etc)	Mostly in-kind	2,525,000	800,000	31.68
Various	Private sector –	Beneficiaries of concessional loans	2,400,000	800,000	33.33
Various	NGO, Private sector, associations, etc	Beneficiaries of the Small Grant Programme	1,800,000	800,000	44.44
Total			24,334,000	13,830,000	56.83

From PIU

COAST MTE Report Annex 11: Approved and contracted GBSP projects at MTE

Project Code	Title of the Project (English translation)	Local partner	Sector	Total value	Grant	Technical assistance	Partial guarantee	Date of signing	End of the project
1007004	Revitalization of endangered grapevine cultivar Zlatarica blatska on the island of Korčula	Faculty of Agriculture Zagreb (in partnership with Janko Jovanov, winegrower from Korčula)	NP AGR	100,000	30,000			14/09/2009	14/09/2011
1003142	Pilot commercial farming of Warty Venus (<i>Venus Verrucosa</i>)	Technology and Business Innovation Center for mariculture MARIBIC	MAR	82,000	24,000			01/09/2009	01/09/2011
1008183	Establishment of "green island" on the island of Mljet and education / campaign on importance of responsible household waste behavior	Mljet Municipality, its Public utility company	NP	56,000	4,000			27/07/2009	27/07/2010
1015143	Natural Heritage Thematic Route on island of Korčula	Municipality of Vela Luka Tourist Board	NP TUR	90,000	12,000	6,000		06/11/2009	06/08/2010
1016022	Pilot organic vineyard, in policulture with autochthonous medical and aromatic herbs, in traditional agricultural landscapes with terraces and traditional fruit tree sorts, at steep location that guarantees the highest quality of the <i>Plavac mali</i> vine sort	"Vinifera", Frano Miloš	AGR	1,800,000	18,000	8,000		30/10/2009	30/10/2011
1017164	Organic farming of autochthonous critically endangered fish species Hama and marketing activities promoting Hama and organically farmed fish in general	Riba Mljet ltd	FISH	900,000	24,000			02/11/2009	02/11/2011
1019152	Rehabilitation and rejuvenation of the organic olive growing orchard	Household farming Vukas	AGR	360,000	15,000	8,000		11/01/2010	11/01/2012
1025011	Planning and equipping the facility for storage and maintenance of organic olive oil	Family farm Mlinarić	AGR	70,400	7,000	6,000		05/01/2010	05/01/2011
1024033	Organic animal husbandry of autochthonous Buša base heard as base for premium price products and agro tourism offer in Dalmatian hinterland	Family farm Dijana and Zoran Mrša	AGR	70,000	14,000	4,000		11/01/2010	11/01/2012

2009174	Development of thematic maps, tracing and furnishing pedestrian paths for tourist sport-recreational activities on the island of Vis.	Croatian Mountain Rescue Service (HGSS)	TUR	86,000	26,000			20/07/2009	20/07/2010
2004210	Assessment of abundance and distribution of dolphins in the Vis archipelago and recommendations for conservation and sustainable use of identified areas of special BD value / importance	Blue World Institute of Marine Research and Conservation	NP TUR	82,000	30,000			23/07/2009	23/04/2010
2018112	Royal treasure of aromatic Dalmatian flowers	Family farm Ivica Dragan Elez	AGR	130,000	19,000	6,000		02/11/2009	02/11/2012
2012132	Enrichment of rural-gastro tourism offer at family eco farm by traditional vineyard with autochthonous vine sorts, eco garden and improved wine production technology	ROKI's Ltd	TUR	164,000	18,000			29/10/2009	29/10/2011
2020176	Production and processing organically grown fruits and vegetables on the island of Vis	Agricultural craft "Brojne"	AGR	220,000	15,000	6,000		11/01/2010	11/01/2011
3006129	Preservation, revitalization and modern reinterpretation of the old ways of friendly cohabitation with natural island environment: Ethno-botanical analysis and eco-geographical survey of wild cabbage of the island of Zlarin	NGO Punta Arta (in partnership with Tourist board of island of Zlarin)	AGR	54,000	14,000			24/07/2009	24/07/2010
3001023	Falcon center: protecting birds of prey through eco-educational tourism	NGO: Falcon center	TUR	86,000	24,000			24/07/2009	24/04/2010
3011155	Revitalization of the autochthonous olive variety Krvavica	Town Skradin	AGR	252,000	26,000			04/11/2009	04/11/2012
3010171	Experimental farming of <i>Chlamys varia</i> in Krka river estuary	Professional fisherman Dušan Prelević, craft 90515404	MAR	90,000	18,000	5,000		04/11/2009	04/11/2011
3022170	Development of agro-eco tourism on family farm Podrug	Family agricultural farm Milan Podrug	TUR	250,000	20,000	10,000		05/01/2010	05/01/2012
3000026	Establishment of the largest ecological olive grove in Dalmatia	Bricklayer-facades craft Frane Radnić	AGR	600,000			40,000	05/01/2010	05/01/2012
4005102	Experimental farming of scallop (<i>Pecten jacobaeus</i>) in Novigrad sea	PECTEN Ltd	MAR	74,000	22,000			24/07/2009	24/07/2012
4002032	Rehabilitation and rejuvenation of the cooperative's olive orchard as best practice for the organic olive growing at Ugljan island)	Agricultural Cooperative Drobnica	AGR	54,000	9,000			24/07/2009	24/07/2011

4014051	Enrichment of tourism offer in Starigrad Paklenica region through establishment of shellfish (mussels) production	Agricultural Cooperative "PAKLENICA"	MAR	90,000	24,000			11/11/2009	11/02/2011
4013158	Protection and sustainable use of small wetlands (Kolanjsko Blato - Blato Rogoza, Velo and Malo Blato) on island of Pag	Public institution for management of nature protected area in Zadar county	NP TUR	84,000	24,000			11/11/2009	11/11/2010
4021114	Pilot commercial shellfish vivarium / farm of European Flat Oyster (<i>Ostrea edulis</i>) and Warty Venus (<i>Venus Verrucosa</i>) in aquatorium of Stara Povljana bay, with associated tourism offer.	Ostrea Dalmatia Ltd.	MAR	520,000	18,000	6,000		11/01/2010	11/01/2012
4023101	"Tracability to the level of individual olive tree" as the base for development of both premium price products and eco tourism offer	Agriculture cooperative KANTARAČA	AGR	70,000	11,000			07/01/2010	07/01/2011
2006-0017-972017-SIPA	EU Project SIPA Tourist valorization of site Guduča EU Project SIPA 'Expertise for management of local site in the bay Sakarum on Island Dugi Otok'	Šibenik-Knin County Zadar County	NP	270.790	44.580			22/09/2008	End 2010
		Total		6,434,400	510,580	65,000	40,000		

COAST MTE Report Annex 12: Opinions of success, failures, strengths and weakness of COAST Project recorded during MTET interviews (transcribed from interview notes and in no particular order)

i. Successes

- Project has operated in areas that haven't received much attention before
- Increased sensitivity of population along the Dalmatian coast to the wrong kind of tourism development
- GBSP established and programme is innovative and more or less unique
- Preparation of maps for areas in which there were only poor maps previously, providing new information for authorities
- Some good promotional events, such as tie in with an 'ecological food' promotion event in Split
- The GBSP has a high potential demonstration value and could provide 'proof that it can be done'
- Good project dissemination – many people know about the project
- People have learned that they need to put effort into something to achieve success – that it's up to them and they shouldn't be expected to be just given things (COAST has encouraged independence) and people have to move from a grants-based attitude to loans for small businesses (many have relied on grants in the past)
- COAST information has been useful for helping to create guidelines for spatial planning
- COAST has focused on the 'space between the protected areas' for which there has been much less information
- Chance to learn new methodologies and develop guidelines
- Helped physical planners to think more clearly about biodiversity conservation needs
- Provided much needed (spatial) information for islands where little had existed
- The documents the COAST project produced on 'eco-tourism' have been of "exceptional" quality and the results will be used in regional and strategic plans because they are of such high quality
- Significant change in perception among the business community
- Good promotion of project (in media, webpage)
- Involved local people
- Good implementation of project by team (model project for this)
- Positive, encouraging impact on business community
- Good baseline
- COAST project has helped physical planners to think about how to reconcile biodiversity conservation issues with physical planning
- Number and variety of the GBSP projects
- Project studies great, but not clear how they will be used (any strategy?)
- Inventory work very useful, especially the maps (used to have 1:100,000 scale maps now have 1:25,000 scale maps)
- Receptive to Institute's needs and requests and PIU team interested in how they could help the Institute
- Institute offered opportunity to comment on draft studies produced by the Project (good consultation)
- Good quality inventory data that is usable
- New experience for the public institutions
- COAST Project is innovative – 'a step forward from other projects'
- Inventory results unique and very valuable
- Guide to Dalmatian Flora – very useful
- Good organization of project

- Good quality action plans
- Support for ecotourism certification (“COAST has acted as a catalyst for the development of thinking on ecotourism”)
- Capacity building efforts in tourism sector
- Increased networking among partners
- Technical knowledge, especially on native varieties and breeds and organic agriculture, considered very useful and will enable Ministry (of Agriculture) staff to provide advice on organic production
- Provided people with advice on how to write a good project proposal
- “Contract between the counties and commercial banks is a breakthrough”
- The River Cetina inventory work
- GIS training useful
- Project has been acting as a catalyst for Nature Impact Assessment, NATURA 2000, and the development of a national organic agriculture plan
- Improved networks of people who are aware of the potential opportunities for ‘green business’
- Built awareness of ‘ecoproduction’ among rural communities
- Broadened the view of the need to protect the environment in Dalmatia
- Workshops offered opportunities to share experiences with others
- Placement of secondees in CDAs and, separately, within the PIMPAs
- Improved cooperation and connections between county and national levels
- Has helped to identify Dalmatia as a region (not just a collection of four counties), which is a less developed part of the Croatia coast and needs a better, more cohesive identity
- “It will help diversify tourism in Dubrovnik”
- Project has emphasized how the protection of biodiversity and landscape are important for the future sustainable development of Croatia’s coastal zone
- Project has highlighted what biodiversity exists along the coast and that people should be proud of what they have
- The local business community has seen that they can now receive funding for ‘green business’
- “No other project in Croatia has talked so concretely about biodiversity and landscape diversity, expressed how people can develop businesses in a green way and how to protect biodiversity in the agriculture, fisheries and tourism sectors”
- Appropriate Assessment Guidelines prepared by the Project
- GIS database showing areas with different regulations/regimes on fishing gear
- Work at the county level, e.g. activities with the PIMPA which will substantially strengthen their capacity
- Coast support very important as it has raised awareness about ‘healthy food’
- Produced new ideas and ‘opened some people’s eyes’
- “That the COAST Project actually exists!”

ii. Failures

- Too small a budget line for the GBSP ‘in time of crisis you need more for local development’
- ‘Too little funding’
- Not much capacity building activities so far at national institutional level
- Not enough promotion of project activities and results (not very visible)
- Availability of project information needs to be wider
- Not clear how the Project’s guidelines will be transferred into the legal framework later on
- Not enough attention on sustainable tourism
- Poor promotion or ‘marketing’ of the Project – don’t really know much about it or what it is doing

- Not enough information on the Project website – would like to see more technical information, although access should be restricted to key stakeholders
- Insufficient communication between PIU and Ministry of Culture, e.g. not copied into correspondence
- Not informed enough about what the Project is doing, e.g. GBSP, banking sector activities, agricultural activities
- Still hasn't 'demonstrated' that business and biodiversity can work together to benefit both
- Poor delivery by some of the national consultants contracted by the Project
- BD and landscape diversity results from COAST Project still not adequately or widely integrated into spatial planning process
- Not enough activities at the county level
- Not enough activities focused on protected areas
- "Lack of consultation with us"
- High expectations generated during the PDF-B stage but not met when implementation began
- Need to have a greater consensus on who is leading at the 'expert level' as not sure whether the chosen 'experts' are really the best
- "Far too much money spent on external consultants rather than building capacity of local institutions" (also a claim/perception that most of Project expenses go on consultants)
- PIMPAs need to have a bigger role in the Project
- "The project lacks of transparency in what it does"
- "COAST needs to be better advertised and promoted – not enough people in the County know about it"
- "No one measuring 'sustainability'"
- Stakeholder management and involvement – not enough involvement of direct beneficiaries from the start of the project design
- Limited ownership of the results by local and national stakeholders to date (evidenced by the fact that Project products are not being used enough)
- Project studies take a long time to get to the end user and are underused
- Limited area – needs to be expanded to whole country
- Not clear how the Project will integrate results into spatial planning
- Economic successes and benefits from the Project are not clear, but then the GBSP has only really begun recently
- Non-completion of the marine biodiversity survey work in Zadar County (consultant did not deliver)
- Poor communication of Project activities, results and ideas
- Planning of COAST project activities needs to coincide more with the County's budget timeframe

iii. Strengths

- Project based in Split not Zagreb – important that it is in the region being targeted
- GEF projects have some flexibility in terms of implementation – don't need to be micro-managed and can be changed to a certain extent if situation changes
- Project team already had a very good network of contacts prior to starting the project and continued to be well-connected which allowed access to decision makers
- Good, competent and very dedicated core (PIU) team with good range of experience among the team and a wide network of contacts
- "Very competent and wise" NPM, good biologist and economist attached to team and DPM has a broad knowledge
- NPM is considered one of the best spatial planners in Croatia and well connected and respected among the spatial planning community

- Project Manager consults, receptive and listens, not autocratic (consults! especially on issues he knows little about), good network of contacts, and good communication skills
- Project team mostly from the Dalmatia region so understand local situation
- Flexibility – project has been able to develop a flexible approach to GBSP

iv. Weaknesses

- Public institutions in all four counties are very weak
- “UNDP rules and procedures slow down everything”
- Very complex project that is difficult to understand and deals with too many sectors and areas
- “The COAST Project is too ambitious for the resources”
- Insufficient staff to carry out the Project as it stands
- Has to deal with very slow institutions (constraint)
- Overall project too small to be effective in an area the size of Dalmatia with the scale of the problems it is facing
- Only very small pool of experienced national consultants able to carry out contracts for the COAST Project which limits choice and generation of new ideas
- EU Accession process is putting great demands on government institutions at present and projects not directly connected to this are seen as less important

Opinions of success/strengths and failures/weaknesses of GBSP recorded during MTET interviews (transcribed from interview notes)

i. Successes/strengths

- Includes small producers which is a target group for the Ministry of Agriculture, and for IPARD funding
- GBSP application has similarities to IPARD procedure so it has provided useful experience for the IPARD process
- Grants for start-up businesses
- Able to support good rural businesses
- Grants encourage people to “do something” to “start something for themselves”

ii. Failures/weaknesses

- Too few projects supported and not clear to Ministry (of Agriculture) why so few funded (out of 211 applications) - expectation was that 30-50% would be funded rather than just 10%, which sent out the wrong ‘signal’
- GBSP needs to include more people (expand programme)
- Time to make decisions over which GBSP projects will get funded is much too slow
- Under-representation of fisheries, as opposed to mariculture, among GBSP projects funded
- Low interest in some parts of Dalmatia, e.g. Sibenik, for second Call for Proposals because of long application process and degree of paperwork that needs to be completed
- GBSP: Co-financing ratio of 30:70 seen as barrier for many potential applicants
- Overall budget for GBSP is considered small compared to the interest and need in Dalmatia, and level of funding offered through the GBSP for individual projects is also considered insufficient by some individuals, e.g. fishermen where equipment, etc, is relatively expensive
- GBSP ‘bureaucracy and administration’ slows everything down, especially given the relatively small sums given to projects