Monitoring system for the implementation of projects and programmes of external cooperation
LOT 3 – Asia and Central Asia

MDG 7: Ensuring Environmental Sustainability

Client: European Commission

ECORYS Nederland BV
Research and Consulting

Brussels, January 2011

TABLE OF CONTENT

Mangyan tribe in Mindoro oriental

Mangyan tribe community garden in Mindoro oriental

Rice paddy fields - Udomxai, Laos

Introduction

The objective of this report is to analyze how projects funded by the EU are contributing to the achievement of MDG 7: ensuring environmental sustainability. In order to do this, we look first at progress on their achievement at the global level although focusing in particular on Asia (based on the 2010 UN assessment of progress to achieve MDGs). We then look at the ROM results outlined in the Monitoring Reports for 24 projects, whose main objective is at least one of the targets related to MDG 7 (see below). MDG 7 is however a very diverse goal, comprising different sectors, and this makes it difficult to identify common trends and conclusions. We have therefore divided the projects into groups depending on sectors and then tried to identify some common conclusions and lessons learned.

1. Progress on MDG 7

Ensuring environmental sustainability is one of the core aspects of the MDGs and is what MDG 7 aims to achieve. It is subdivided into 4 targets focusing on different issues related to environmental sustainability. The targets and indicators used are as follows:

Goal 7: Ensure environmental sustainability		
Target 7 A: Integrate the principles of sustainable development into country policies and programmes; reverse the loss of environmental resources;	7.1 7.3	Proportion of area covered by forest; GDP per unit of energy use;
Target 7 B: Significantly reduce loss of biodiversity by 2010;	7.2	Ratio of area protected to maintain biological diversity to surface area
Target 7 C: Reduce by half by 2015 the proportion of people without sustainable access to drinking water and basic sanitation;	7.4 7.5	Proportion of population with sustainable access to improved water source, urban and rural; Proportion of urban population with access to improved sanitation;
Target 7 D: Achieve significant improvement in the lives of at least 100 million slum dwellers by 2020.	7.6	Proportion of households with secure tenure.

1.1 UN assessment on progress to meet MDG7

The United Nations has recently published the 2010 MDG Report, where it reviews progress on achievement of the MDGs in the different regions of the world. The data for Asia as regards MDG 7 can be summarized as follows:

1.1.1. Target 7 A: Integrate the principles of sustainable development into country policies and programmes; reverse the loss of environmental resources

Globally, the rate of deforestation shows signs of decreasing, but is still alarmingly high. The situation in Asia does however appear to be better when compared with other regions such as Sub-Saharan Africa and Latin America. As a whole, Asia registered a net gain of some 2.2 million hectares of forest annually in the last decade, mainly because of large scale afforestation programmes in China, India and Vietnam. These three countries have expanded their forest area by a total of nearly 4 million hectares annually in the last five years. However, rapid conversion of forested lands to other uses continued in many other countries of the region.

As for emissions of carbon dioxide (CO_2), according to the UN report, global emissions rose again in 2007, representing a 35% increase in relation to the 1990 level. The trend was somewhat reversed in 2008 due to the financial crisis, but the decline is expected to be short-lived. The Asia region is no exception, particularly Eastern Asia, where CO_2 emissions in 2007 were 7.2 billion metric tons compared to 3 billion in 1990. The increase is particularly large in China, due to the growth of its economy; as economies grow their energy use and therefore CO_2 emissions increase. Assisting these countries in shifting to low carbon paths is therefore essential.

The Montreal Protocol has witnessed unparalleled success; by 16 September 2009, 196 parties had signed it. Now all the world's governments are legally obliged to phase-out Ozone Depleting Substances (ODSs) under the schedule defined by the Protocol. Between 1986 and 2008, global consumption of ODSs was reduced by 98%. Without the action prompted by the Protocol, atmospheric levels of ozone-depleting substances would grow 10-fold by 2050.

1.1.2. Target 7 B: Significantly reduce the loss of biodiversity by 2010

According to the UN report, the 2010 target for biodiversity has been missed worldwide. There is no specific information per region. The main issues mentioned are:

- Key habitats for threatened species are not being adequately protected;
- The number of species facing extinction is growing by the day, especially in developing countries;
- Overexploitation of global fisheries has stabilized, but steep challenges remain to ensure their sustainability.

1.1.3. Target 7 C: Reduce by half by 2015 the proportion of people without sustainable access to drinking water and basic sanitation

According to the UN report, the world is on track to meet or even exceed the target for drinking water. Eastern Asia and South Eastern Asia have already met it. Particularly in East Asia, access to drinking water improved by 30% between 1990 and 2008. Progress was primarily made in rural areas, which remain at a disadvantage. There are however issues regarding water safety; there are problems of contamination with

naturally occurring inorganic arsenic, in particular in Bangladesh and other parts of Southern Asia, or fluoride in a number of countries, including China and India.

So far water quality has not been considered in the setting of targets due to the difficulties posed by data collection.

Unlike the target for safe drinking water, the target for sanitation appears to be out of reach. Southern Asia is one of the regions facing the biggest challenges, with 64% of the population without adequate access. This region has the highest rate of open defecation in the world, which is one of the greatest threats to human health. The estimated current rate is 44% of the population with the problem occurring mainly in rural areas.

1.1.4. Target 7 D: Achieve significant improvement in the lives of at least 100 million slum dwellers by 2020

This target was set as an absolute number for the world as a whole, so there is no specific data for Asia. As a result it has been difficult for governments to set specific targets and commitments. According to the world-wide data available, the share of the urban population living in slums in the developing world has declined from 39% in 2000 to 33% in 2010. However in absolute terms the number of slum dwellers is actually growing, as the number of informal settlements is growing. Furthermore, the recent housing crisis, though not originating in the developing world, has hit the populations of these countries in the cities and may offset the progress made. According to the UN report:

'*Millions of people in developing countries continue to live in precarious conditions, often characterized by a lack of basic services and serious health threats. In many cases, public authorities have exacerbated the housing crisis through failures on four major counts: lack of land titles and other forms of secure tenure; cutbacks in funds for subsidized housing for the poor; lack of land reserves earmarked for low-income housing; and an inability to intervene in the market to control land and property speculation. Low incomes in the face of rising land prices virtually rule out the possibility that the working poor can ever own land, contributing to the problem of urban slums'.*

2. Projects selected and challenges

For the present analysis, we have selected 24 EU funded-projects in Asia having MDG7 as their main objective and that were monitored in 2010. Some had been monitored before and some were monitored for the first time. For those that had been monitored before we try to analyze the progress made between ROM missions and whether recommendations from previous monitoring reports were taken into account.

A complete list of the projects analyzed can be found in the Annex. The table below shows the number of projects contributing to each target:

Target	Nr of projects
7 A	22
7 B	3
7 C	2
7 D	0

The following comments can be made about the sample of reviewed projects:

- Most projects contribute to target 7A;
- Among the "older" projects, there is a share of projects on "forest conservation", not so among the "newer" ones;
- Among the "newer" projects (those monitored in 2010 for the first time), there is a high share of them contributing to indicator 7.3. This is due to the SWITCH Programme aiming at sustainable production and consumption;
- There are very few projects contributing to target 7C. This should lead to reconsideration, as the target for access to basic sanitation is not on track (according to the UN report), and South Asia is the region in the world with the highest rate of open defecation. Having said this, there are projects on rural development or renewable energy that may have a water or sanitation component;
- There are no projects contributing to target 7D.

Although it is not the main purpose of this analysis, it should be pointed out that the targets and indicators selected for MDG 7 have certain limitations. Take the case of the SWITCH Programme (15 out of the 23 projects under review are financed by this facility) which aims at Sustainable Production and Consumption. This implies producing more by using less energy and less water, and by producing less waste. Producing more using less energy is reflected in the targets, but there are no indicators related to reducing waste or water consumption by industry (although the latter is indirectly related to access to potable water).

Due partly to the flaws described above re the selection of targets and indicators for MDG 7, it is difficult to classify the selected projects according to targets. If we look at the UN Report, the classification would be as follows:

- Target 7A: Projects on forest conservation and climate change, including energy efficiency;
- Target 7B: Projects on biodiversity;
- Target 7C: Projects on drinking water and sanitation;
- Target 7D: Projects on slum improvement.

This again leaves us with a high share of projects contributing to target A and no projects contributing to target D. It has to be pointed out however that some projects, for instance those financed by the SWITCH Programme, aiming at sustainable production and consumption, contribute to increasing energy efficiency but also reducing water pollution, so to a certain extent contribute to target 7C also.

For our analysis we have divided the projects as follows:

- Forest conservation (target 7 A);
- General Climate Change policy (target 7 A);
- Energy conservation (as pointed out, some of these projects aim also at reducing waste and water pollution) (target 7 A);
- Biodiversity (target 7 B);
- Access to drinking water and sanitation (target 7C).

The table below shows the number of projects per sector:

Sector	Nr of projects
Forest conservation	3
General Climate Change Policy	2
Energy Conservation	16
Biodiversity	1
Drinking water and sanitation	2

A very large share of the sample of projects has energy conservation as one of the main objectives. This is due to the SWITCH facility. The number of projects targeting other sub sectors such as forest conservation or drinking water and sanitation is much lower. It has to be pointed out however, that environmental sustainability is a cross-cutting issue. Projects on agriculture and food security generally also have a very strong environmental component. This makes it even more difficult to have a comprehensive overview of progress towards the achievement of MDG 7. For the present analysis, only those projects where environmental sustainability is the main objective have been selected (i.e. not those where it is a cross-cutting or secondary issue).

It should be borne in mind that the current analysis is based only on projects that were monitored in 2010. Nevertheless, it does provide an idea of the main sectors that the EU is funding concerning MDG7.

3. Analysis of performance by sector

In order to appreciate differences in the performance of projects in more detail, the scorings “a”, “b”, “c” and “d” have been translated into numerical values as follows:

a= 4	b= 3	c= 2	d= 1

3.1. Projects on forest conservation

All the projects related to forest conservation have been monitored at least twice. There are no “new” projects on this topic. There are 3 projects in total: one in Cambodia, one in Indonesia and one in the Philippines. The projects in the Philippines and Cambodia are of the same type (tackling deforestation through providing alternative livelihoods, increasing awareness and improving governance). The project in Indonesia is different insofar as it aims at improving accountability and local level initiatives to reduce emissions from deforestation.

Relevance and Quality of design

All the projects in this group were considered relevant and in line with government policies. The average scoring on Relevance and Quality of Design for this type of project is “b” (3 in 2009 and 2.7 in 2010). In most cases the quality of the design was considered good, and the logframes of relatively high quality.

Nonetheless, some common problems are mentioned (although not necessarily in all of the projects):

- Poor situation assessment (baselines), although to different degrees;
- The projects (again to different degrees) proved to be over-ambitious and required re-adaptation of the logframe later, which resulted in some delays;
- One of the projects (in Cambodia) failed to integrate the local administrations and this was considered a serious flaw in the design.

Efficiency

The average grade for efficiency in the 3 projects analyzed is "c" (2.3 in 2009 and 2010). Problems incurred in this area are different, as well as their gravity, but some common issues include:

- problems in getting qualified field staff and problems with understanding EC procedures, which led to delays;
- One of the projects lacked an internal monitoring system which hampered implementation;
- A tendency to focus on activities rather than results can be observed;
- Although success in achieving required outputs varies, it seems that in all the projects the quality of outputs achieved was good.

Effectiveness

Average scoring for effectiveness is between "b" and "c" (2.7 in 2009, 2.3 in 2010). The projects seem to be successful in raising awareness and building capacity, but remain subject to government policy (which can change at any moment) or resource constraints to enforce what has been learned. Forest conservation still has to compete with other economic interests (such as mining) and with illegal logging.

Impact Prospects

Impact scores better than effectiveness, with an average of "b" (3 in 2009 and 2010). The projects are certainly successful in increasing awareness, empowering indigenous groups and influencing the policy debate. However their contribution to stopping deforestation is hard to measure and to achieve considerable impact, the projects need to link with other initiatives. It should be pointed out that all the projects are grants with a relatively modest budget.

Potential Sustainability

Sustainability scores relatively well, with an average of "b" (3 in 2009, 2.7 in 2010). The projects are well embedded in local structures and the sense of ownership among target groups (namely forest dependent families) is strong. However, this needs to be balanced against the fact that these projects are highly sensitive to changes in policy priorities, which can change very quickly, and available resources at local level to ensure enforcement is key. The two projects dealing specifically with deforestation face a situation of uncertainty on these issues. As pointed out before, forest conservation competes with other economic interests and is highly sensitive to corruption. There is a need for a very strong commitment at national and

local level. This is not yet the case in the Philippines or in Cambodia. As pointed out before, only China, India and Vietnam show this commitment at present and have expanded their area covered by forest.

Overall assessment

A tendency to score better in the 2009 monitoring than in the 2010 can be observed. This is however due to the Project 151-945 Accountability and Local Level Initiative to Reduce Emission from Deforestation and Degradation in Indonesia (ALLREDDI) project in Indonesia, which in the 2009 monitoring (after 11 months of implementation) scored "a" in all criteria. The assessment was far more nuanced in the 2010 monitoring. If this project is not included, the tendency was to improve performance in 2010. It is not obvious whether recommendations from previous monitoring reports were implemented.. They were certainly adopted for one of the projects (in the Philippines), and considered very useful; for instance, initially livelihood activities were designed to be limited to producing sustainable forest products. This was changed and expanded to other activities (such as for instance intensive organic rice production) after suggestions from a monitoring visit and the results of feasibility studies. The introduction of other types of activities increased the chances of financial sustainability.

3.2. Projects on general climate change policy

There are two projects aiming at increasing capacity on Climate Change Policy; one in China and one in Cambodia. Both present common problems in their design. One of them (in China) was given a "d" in its first monitoring, in the second ROM mission, it was given a "c".

Relevance and quality of design

The average scoring for 2010 was "c" (2). Both projects are multi-donor funded. The one in China by UNDP, the government of Norway and the EU; the one in Cambodia by UNDP, Denmark, Sweden and the EU. The one in Cambodia is relatively new, as it only started in December 2009. The one in China started in August 2008 and had its second monitoring in 2010. Although to different degrees, in both projects the EU-UNDP partnership appears problematic. The implementation modalities of the different agencies differ, including the reporting format. Logframes are of low quality, consisting of only a list of activities and without OVIs or confusing Overall Objectives with results and results with outputs. The roles of the different partners are unclear and for the project in China it is noted that the added value of the EU contribution apart from providing money is unclear.

Efficiency

Efficiency is problematic in both projects (average of "c" i.e. 2.5 in 2010), although it did improve considerably in the China project in the second monitoring (it was given a "c" in 2009 and a "b" in 2010). A major problem in this project is the lack of communication between implementing partners (UNDP, EU and the Government of Norway). Implementation is not based on the logframe, but on annual work programmes. The project in Cambodia has suffered considerable delays due to staff issues. There was no full time staff at the time of the monitoring visit. This seemed to be due to unavailability of staff from the Ministry of Environment and the cancellation of an incentive scheme for staff dedicated to the project.

Effectiveness

Effectiveness is problematic in both projects (2.5 for 2010), and mainly due to the flaws in the partnership. For the project in China, it had however improved in the second monitoring visit (again, the scoring had risen from "c" to "b"), although issues related to the partnership between the donors had not been solved. The strength and commitment of the Chinese institutions played a key role in ensuring improved effectiveness.

Impact Prospects

Average scoring for 2010 is 2.5. According to the MR the project in Cambodia seems highly unlikely to achieve an impact unless it undergoes a re-orientation. One potential negative impact is that other donors are discouraged to step in when they see the current problems. The project in China may however achieve a good impact, particularly through the spread of the ideas, actions and approaches to non-targeted provinces. Again, the strength and commitment of the Chinese partner is key in this area. However the lack of a good quality logframe with measurable indicators will make it difficult to measure.

Potential Sustainability

Unlike the other criteria, sustainability scores well for these projects, with a "b" in all cases (an average of 3), due mainly to the high level of commitment of the respective governments to the project goals.

Overall assessment

With only 2 projects in this category it is difficult to draw common conclusions on the performance of this particular category of projects. The issues referred to in the reports for both projects relate mainly to flaws in the partnership arrangements between the donors.

3.3. Projects on energy conservation

There are **16 projects** in this group, and all except for two are financed through SWITCH. One of these two is financed through another type of grant and has identical objectives to SWITCH Projects. The remaining one is a renewable energy project in Nepal is the only project not financed through a grant but rather through a Technical Assistance contract. The latter deserves specific mention under sustainability because it has an interesting approach (see more details below; it is different from the other actions insofar as it provides a completely new service (electricity) to communities that did not have previously have it. In contrast the other projects are aimed at using energy more efficiently (in addition to other aspects of Sustainable Production and Consumption –SPC).

Most projects score very well in all the criteria (with a global average of "b"), except for two. These two projects had one thing in common: the wrong implementing partner. It is essential to choose an implementing partner which is a strong organization, with capacity to reach all target groups and that is neutral concerning potential conflicts of interest among the different target groups. Further details are provided under the section on "Conclusions, Lessons Learned and Recommendations".

Relevance and quality of design

The average score for relevance and quality of design is "b" (3). There are no questions raised as regards their relevance, nor whether they are in line with government policies. They are also well integrated into the local structures and contribute to building local capacity. The timing of the projects is also very appropriate to the current context in the countries, whose economies are experiencing rapid growth and industrialization but are still behind in terms of use of efficient technologies compared to Europe or the USA. In most projects the design is considered good or even very good. Nonetheless some weaknesses appear relatively frequently:

- The logframe, and whether this is in accordance with PCM guidelines: it is common to find several Project Purposes or Overall Objectives instead of one. However, this is often a problem of form rather than substance; Problems with OVIs are also mentioned frequently, sometimes they lack targets, sometimes they are inadequate (normally too ambitious);
- Lack of baselines or delays in their establishment are also common, mainly due to problems or unavailability of data collection systems in the beneficiary country. While this may not diminish the impact of the projects, it sometimes makes it difficult to measure it accurately.

Efficiency

Generally the efficiency of this type of project is good, with an average score of "b" (2.86).

- In most projects, inputs are provided timely by the partners and there is a willingness to revise/fine tune activities to make the project more relevant;
- Some (few) projects experienced a delay in the start, but for different reasons;
- Most projects are likely to be finalized on schedule, even if there is a slight delay in the implementation of activities;
- Problems sometimes mentioned (in a few projects only) is a tendency to focus on activities rather than results;
- Difficulties of some partners with EC procedures are relatively common, in particular with financial reporting.

Effectiveness

Effectiveness in this type of project scores well, with an average of "b" (2.8) although relatively lower than other criteria. There are some projects where effectiveness scores "c".

- There is no doubt that the projects have contributed to increasing awareness on SPC among the target groups;
- In most countries the concept is rather new and the projects have proven to be very effective with initial measures that do not require large investments. When the latter are required, additional support such as policy measures and access to credit are needed;
- In many projects there are issues related to who attends the training sessions (generally technical staff) and who makes the investment decision (management), particularly in relatively large companies. This

is managed differently, but a very effective solution seems to be the one undertaken by the Green Philippines project, which also provided training on how to present proposals to management as it was found that technical staff in the Philippines tend to lack communication skills. In this particular project, and against the existing perception in the country at the time, the measures encouraged by the project led to a reduction in the operating costs of the companies. The project provided the trainees with the right tools to convince their management, by showing them how to effectively demonstrate cost reductions. As a result, all the companies put in place an Environmental Management System (EMS).

Impact Prospects

Scoring on impact is positive, with an average score of "b" (3).

- Most of the projects are expected to produce a change of behaviour and result in savings in energy, water and waste. The question is how accurately these can be measured, as baselines are not always available. When baseline studies need to be undertaken, they tend to be delayed. Often this is due to difficulties in data collection. For instance, in one project in Sri Lanka it was found that companies were not collecting data on their energy and water consumption;
- The projects should also contribute to a change in consumer behaviour by increasing awareness (but this is likely to be more limited) through certification and labelling.
- Companies that are exporting are quicker to adopt these types of schemes, and this should in time contribute to an increase in exports and to economic growth. It will however be very hard to measure the direct effect of the projects;
- It is important that the projects consider the policy environment in their design and contribute to making it favourable for this type of investment. For example: subsidized electricity prices will discourage any type of investment in energy conservation, while tax rebates for investments in energy efficient equipment will encourage it, as well as for instance CO_2 taxes. Access to credit is also important, as pointed out above;
- Generally, training alone does not result in a reduction in emissions; water and waste savings, other accompanying measures (audits, follow up) are needed. Most of the projects do include these.

Potential Sustainability

Sustainability scores well, with an average of "b" (3).

- All the projects have introduced very adequate technology which can be easily used by the target groups after the project ends;
- In most cases this technology requires little investment and has a quick payback, which makes it sustainable;
- The capacity of the institutions in charge of providing the services has been adequately built;
- In most of the projects, the services provided have been free of charge. The key question is whether companies will be willing to continue paying for the services after the project ends. Most assessments are optimistic, particularly regarding those companies that have already had access to the services.

However the projects are relatively young, so in most cases this remains to be proven. The policy environment, the strength of the institution and the level of awareness raised are key in this regard;

- For sustainable consumption (eco-labelling), the level of consumer awareness and demand for sustainable products is key, particularly for the domestic markets. Government engagement can play a key role to ensure a favourable policy environment and raise awareness.

Overall assessment

Projects related to Energy Conservation are highly relevant, quite well designed and are generating good results. The most commonly identified problems are related to the quality of the logframe (on a formal rather than substantial aspect), the lack of targets for the OVIs and the problems with baselines resulting in poor internal monitoring systems. As reported in the MR (MR-138302.01) for the overall SWITCH Programme *"as project activities gather momentum, the attention dedicated to internal monitoring systems wanes and this usually encompasses the implementation of baselines surveys which are repeatedly delayed and end up being considered a second or even third rate priority"*.

Most projects are likely to be finalized on schedule, and the quality of their outputs is generally very good (this is a common positive observation that is mentioned in most MRs for all the sub sectors i.e. forest conservation, sanitation, water etc.). Effectiveness and impact are also rated highly. Sustainability generally scores well, but needs to be assessed at two levels: a) in terms of viability of results, in general it is expected that companies that have implemented SCP measures will continue to do so, given their cost-effectiveness; b) in terms of viability of the services; here the picture is more complex and will depend on factors such as the policy framework, the affordability of the services or the strength of the institutions involved.

3.4. Projects on biodiversity

There is only one project on biodiversity. This makes it impossible to draw general conclusions applying specifically to this sub sector, apart from the fact that this sub sector does not appear to have been a priority for EU funding. However some common issues with other projects can be found.

This project in question was monitored several times. The Monitoring Reports under review for the purposes of this study are from 2008 and 2010. The project has 4 differentiated pillars; two implemented by Chinese institutions, one by the EU, and one (80% of the budget) subcontracted to UNDP. Again, the multi-donor partnership results in problematic efficiency, which scores "c" (all the other criteria score "b"). The different components seem to be implemented independently, with different reporting criteria and no overall Project Manager. This results in slow decision making and hampered cooperation. The project had to be extended by 18 months. There is very slow disbursement of funds by UNDP and problems of currency fluctuation (EU funds are managed in dollars by UNDP).

3.5. Projects on access to drinking water and sanitation

There is only one project specifically targeting access to drinking water and sanitation. However, there are other projects targeting other areas (rural development, renewable energy) that contain a component

related to access to drinking water. One example is the Renewable Energy Project in Nepal, which provides drinking water through pumps powered by solar energy. For these, it is usually difficult to extract conclusions on the success of this component on the basis of the respective monitoring report, which is brief per se and may not refer to this component in detail. We can however extract conclusions from one project in India because the 2010 monitoring report was specifically related to only this component. In addition, we have a second project specifically targeting drinking water supply and basic sanitation in Cambodia. Some useful lessons can be extracted.

Relevance and quality of design

The project in Cambodia had a flaw in the design (c), because it was considered a works contract it was treated as such and a logframe was not required. As a result, it is not clear how activities will lead to results and impact and there are no SMART indicators. Furthermore, although the project did consult target groups (villages) to select the technologies, it did not involve the provincial administration, so an opportunity for institutional strengthening was lost. Also not enough emphasis was placed on awareness raising.

The assessment of design is more positive for the project in India (b), which started with a strategy based on developing individual physical assets (roof rainwater harvesting systems) in villages with no water source. It later partnered with the Water and Sanitation Management Organization of Gujarat in order to develop collective decentralized drinking water schemes. As a result of the cooperation the intervention was scaled up. One negative comment however, is that as a result of a contribution required from the beneficiaries (water source), many of the poorest were not reached by the project.

Efficiency

Efficiency scores “b”, for both projects (for the project in India this had not been the case in previous monitoring reports), but there are relevant lessons:

The project in India had suffered delays and missed opportunities due to the poor relationship between the EU Delegation and the NGO implementing the project. This had improved over time (it is a 10 year project and this was its sixth monitoring visit).

The project in Cambodia suffered delays because the partner implementing it could not provide a financial guarantee, so was not eligible for pre-financing and encountered cash flow problems. It was solved via an addendum, but time was lost. Limited understanding of procedures by the NGO implementing the project is also mentioned.

Effectiveness

Effectiveness is good (b) in both projects and a change of behaviour seems to have occurred. However, it is stressed that a change of behaviour requires time and this type of project should dedicate enough time and resources to training and awareness raising, in particular regarding the use of sanitation facilities. Both projects faced difficulties in reaching the poorest segments of the population. This was because certain pre-conditions were required from the villagers/communities in order to receive funding. The project in

Cambodia required households to have tile or metal roofs (too expensive for the poorest) and not palm roofs in order to receive jars, while the project in India required the villages to provide water reservoirs, which the poorest do not have. While these measures make sense to ensure effectiveness and sustainability, they result in the exclusion of the poorest segments of the population. In both projects the lack of a comprehensive monitoring system with appropriate indicators makes it difficult to collect feedback at village level and measure the results accurately.

Impact Prospects

Impact is rated as promising in both projects ("a" in India and "b" in Cambodia). An improved environment and an improvement in beneficiaries' health and hygiene are visible (although perhaps difficult to measure accurately), as well as the beneficiaries needing less time to collect water. Improved institutional coordination and strengthening is also mentioned for the project in India.

Potential Sustainability

Sustainability is also good, particularly for the project in India which scores an "a". The project in Cambodia scores "b". In India there is very good collection of village charges and ownership and institutional strengthening are very high (for more details please see section on sustainability under the Chapter on "conclusions and recommendation").

Ownership in Cambodia is also high and the project is well embedded into local structures. Most services should be affordable for the target groups, although training in operation and maintenance needs to be strengthened.

Overall assessment

The number of projects related specifically to improved access to drinking water and sanitation is rather low. One common difficulty lies in the success in reaching the poorest segments of the population, in both cases due to the "contributions" required from the beneficiaries. It is interesting to note that the 2010 UN MDG Report (see previous section on progress on MDG 7), points to the same difficulty. It says that *"sanitation and drinking water are often relatively low priorities for domestic budget allocations and official development assistance, despite the huge benefits for public health, gender equity, poverty reduction and economic growth. And in many instances, interventions are not targeted to the population most in need"*.

4. Projects of projects monitored at least twice

Projects monitored at least twice showed a tendency to improve their performance in their second monitoring. This is the case for relevance and design, efficiency and impact. Translating the grades into numbers (a=4, d=1) gives the following results:

DAC Criteria	2010 monitoring	Previous monitoring
Relevance and quality of design	B=2.8	B=2.6
Efficiency	B=2.6	C=2.3
Effectiveness	B=2.8	C=2.8

Impact	B=3.3	B=2.8
Sustainability	B=3	B=3
Average	**B=2.9**	**B=2.67**

Furthermore, as in the previous analysis based on sub sectors, it can be observed that impact and sustainability score relatively higher. A high degree of ownership and commitment from the local partners are frequently mentioned as reasons for this.

5. Conclusions, Lessons Learned and Recommendations

For the projects reviewed for this report, the overall conclusions are positive with an average score of "b". However the importance attached to the different targets and indicators that make up MDG7 varies considerably and clearly favours target 7 A, mainly in the form of projects on Energy Conservation (due in large part to the SWITCH Facility). In fact if we look at the number of projects targeting other sub sectors relevant to MDG 7 the contribution made by EU funding appears to not be very significant and this may need to be reviewed by the European Union.

That said, it should be borne in mind that as environment is considered a cross-cutting issue, a more comprehensive analysis would have to include all projects (i.e. even those not having environmental sustainability as their main objective) and see how they integrate environmental sustainability into their actions. However this is a much lengthier exercise than the one requested for the present analysis.

Some overall conclusions and recommendations can be drawn from the 24 projects analyzed:

Relevance and quality of design: All the projects are systematically relevant insofar as they are in line with the priorities of the beneficiary government and with EC priorities in the concerned field. There is however room for improvement as regards:

- Quality of logframes, which are not always in line with PCM guidelines. It is common to find logframes with several PP or several OO instead of one. Sometimes there is confusion between objectives and results and between results and activities;
- Adequate and SMART OVIs are not the norm. This is related to problems with baselines which are not always available and the lack of specific targets. This is often related to the lack of data collection systems in the beneficiary country.

One example of a good logframe with SMART indicators is the one for the project 2008/153-224 on "sustainable procurement in urban administrations in China" (see Annex) 1.

The problems related to weak logframes do not necessarily result in bad performance, but a good logframe with SMART indicators allows the project team to keep focus on what should be core issues and allows for the accurate measurement of progress (and ultimately impact). The EU should consider giving more importance to the inception phase, where baseline studies could be undertaken and logframes adapted to

the reality on the ground. EU Delegations could provide more pro-active help in assisting projects to ensure that resulting logframes are in accordance with PCM guidelines.

Having the right implementing partner is crucial for project success. One example of the effects of having the wrong implementing partner is project 152-937 “enhancement of sustainable production of lokta handmade paper in Nepal”. The membership of Handpass, the Nepal Handmade Paper Association, which is the main implementing partner, is dominated by manufacturers based in Kathmandu, whose main interest is to access cheap raw material. This is in conflict with the interests of what should be the main target groups: forest user groups and marginalized farmers. The result is that at the time of the monitoring visit, most of the activities undertaken had been those in the interest of manufacturers, and little had been done for other target groups. It is essential to have an implementing partner with a clear vision of the project objectives, free from other vested interests, and with the capacity and resources to implement the project and sustain the results.

Efficiency: Efficiency varies by sub sector and implementation modality. It tends to be higher in projects financed by grants, which are smaller and simpler to manage and more flexible in their implementation.

- Projects financed by multi-donor partnerships present the additional difficulties of having to combine different implementation and reporting modalities. Communication between the donor agencies tends to be poor and decision-making slow. This refers to projects with the EU and UNDP as partners, as the three projects analyzed and financed through a multi-donor partnership had these two donors. Given the high number of projects of this type that have problems, the EU should perhaps reconsider how it works with different partners. Agreements should be reached for homogeneous implementation modalities and reporting procedures and communication between the donor partners needs to improve;
- Although it varies from project to project, the implementing partners often have difficulties in understanding EC procedures. This is a problem that appears frequently and demands higher attention and assistance from the EU Delegation. One extreme case in project 152-937 “enhancement of sustainable production of lokta handmade paper in Nepal” where a project vehicle had been purchased without tendering or even quotations and the EU Delegation becoming aware too late. Another aspect for consideration is the fact that tendering is often unsuccessful in certain countries, as suppliers are not encouraged to respond due to the complicated procedures. Another extreme example can be mentioned here, for the project 002-589 “Renewable Energy Project” in Nepal. At the end of the project, after more than four years, the project team was still working with rented computers and rented vehicles, increasing total costs significantly;
- Internal monitoring is very relevant and has a direct impact on the other criteria (effectiveness, impact and sustainability). A good example for internal monitoring and high efficiency in general is project 152-569- Improving environmental and safety performance of the electrical and electronics industry in China, where the Internal Steering Committee, composed of all the project partners, meets once a month to discuss all issues related to implementation. Further details are contained in the box below:

152-569- Improving environmental and safety performance of the electrical and electronics industry in China- example of efficient partnership and cooperation
The roles of the different partners were clearly defined from the beginning and are highly complementary. The German Chamber of Commerce and Industry (AHKB) is the lead partner and ensures the management and coordination with all the project staff. The China National Institute for Standardization (CNIS) was the lead partner for the development of the Standard Guidelines, The Chinese Institute of Electronics (CIE) was responsible for the elaboration of a Conformity Model and the Selection of SMEs and the China Standard Certification Centre (CSC) established the SME assessment team and developed the initial training material according to their working group plan and on the basis of the Conformity Model provisions for 4 possible levels of compliance. All the partners participate in the training sessions and have shown a strong commitment and interest in the project. Furthermore Deutsche Telecom is associated with the project, providing expertise and practical experience with suppliers. Furthermore, communication with the responsible actors in the partner country is very good.

- Some projects tend to focus on activities rather than results. This could be partly addressed by asking them to report according to achievement of results and by providing data on indicators. However in this case a good quality logframe is needed (see above);
- Regardless of the degree of efficiency, it seems that the quality of the outputs achieved is very good for most projects.

Effectiveness: Effectiveness has a tendency to score slightly lower than other criteria, although generally the comments are positive. Most projects tend to be rather successful in term of raising awareness and building capacity. Some SWITCH projects are very effective because they promote measures for sustainable production and consumption that require little or no investment and entail immediate cost reduction. The 122-524 Green Philippines project mentioned above is a good example for this. In this case the effectiveness was enhanced further by providing some communication skills to the people receiving the training. The other side of the coin could be project 152-937 “enhancement of sustainable production of lokta handmade paper in Nepal”, where having the wrong implementing partner with vested interests led to the project focusing on only one target group, which was actually the only in less need of assistance from such a project.

Impact Prospects: Impact tends to score higher than other criteria. Government commitment, involvement of all the relevant institutions and good capacity building are essential. Most projects are successful in building capacity.

There is a general problem in measuring impact accurately. This is the case for most projects, and is related to the difficulties regarding OVIs and baselines. The question is however how much of the available time, energy and resources should be devoted to this problem. As pointed out before, one way of doing it is having a longer inception phase. Another way of tackling it could be using references to indicators used at national level in order to give some perspective to the project goals or OO. However this requires existing statistics of a certain quality and they are not necessarily available in all countries.

Potential Sustainability: As in the case of impact, sustainability scores relatively higher than other criteria. One positive element present in all the projects is that they are very well embedded in the local structures (even if some have failed to integrate certain institutions).

Dedicating enough time and resources to building capacity of the target groups is key. Two good examples of sustainability are presented below:

000-966 - Sustainable Community-Based Approaches to Livelihoods Enhancement in Gujarat

Success in village water charges collection

The decentralized drinking water schemes are handed over to the water committees of the village elected body for water management as soon as they are completed and the task of recovering user charges then starts. Although some people need a reminder and a few of them refuse to pay this did not seem to threaten the overall commitment of the community to cover water charges. User charges are used for operation and maintenance costs and may differ from village to village based on the local situation (some villages will distribute water twice a day every day, others will release it every other day). They are used to pay for a system operator, typically a member of the water committee, and for small repairs. For bigger repairs, committees have been endowed with a specific fund by WASMO (Water and Sanitation Management Organization of the state government of Gujarat) and intend to levy higher charges if the need arises. Any technical issue affecting the water source (as opposed to the distribution system) is taken care of by the state institutions.

002-582- Renewable Energy project in Nepal

As mentioned above, the Renewable Energy Project in Nepal deserves specific mention because of its interesting and most likely very successful approach to sustainability. The project targets rural communities with no access to energy services (no grid connection) and aims at providing a decentralized energy solution (mainly in the form of solar energy). The sustainability strategy relies on providing energy services to remote rural communities via the so called "Community Energy Service Providers" (CESPs). These are village based legal entities (mainly in the form of cooperatives) providing energy services to the end user for a fee. The cooperative owns the solar system and is responsible for ensuring smooth operation and service supply, as well as maintenance and repair. The project has furthermore provided capacity building to the cooperatives in order to ensure sustainability. Three types of capacity building are

provided: technical (for operation, maintenance and repair), managerial and administrative (to enable the members operate the CESP) and business capability to promote decentralized energy services as business entities at local level). At the time of the last monitoring visit, a CESP concept paper was expected to be printed shortly describing how CESPs must operate including tariff calculation. The collection should be enough to save for maintenance and replacement. The money collected will be put into a revolving fund. Affordability differs from community to community but is likely to work as the systems have been installed in areas with no other energy options. Without the solar panels the villagers needed to walk many hours or days to get access to the services provided, and they have to pay for them.

In order to set-up the CESPs, a large number of community organizations (COs) were approached. After a process of selection based on capabilities, energy demand and feasibility, a total of 168 were confirmed as future CESPs. At the time of the last monitoring visit 80% of them had been registered as legal entities in the form of cooperatives.

The strength of the institutions and commitment of governments to continue activities varies depending on the country, but is very high in China. This is a very crucial factor for sustainability.

Concerning the financial sustainability of the projects, there is a general tendency to be optimistic regarding the financial sustainability of projects related to energy conservation (although this remains to be proven and it will be interesting to assess this through ex-post monitoring/evaluation exercises). This optimism appears to be far more cautious concerning projects related to forest conservation. The two boxes above concerning the projects in Nepal and India provide good examples of financial sustainability.

ANNEX 1: Logical Framework

DAC Criteria	Intervention	Objectively verifiable	Sources and means of	Assumptions
Overall Objective	*What are the overall broader objectives to which the action will contribute?* Contributing to mitigating climate change, to reduce energy and water consumption and to decrease air and water pollution in China helping to achieve the 11th five-year plan target	*What are the key indicators related to the overall objectives?* 1. Energy consumption in administrations (kWh, indirectly CO2) 2. Industrial water consumption (litre and ton) 3. Industrial wastewater pollution and solid waste (COD mg/l)	*What are the sources of information for these indicators?* Comparison against baseline based on local, provincial and national statistic data (NBS)	
Specific Objective	*What specific objective is the action intended to achieve to contribute to the overall objectives?* The project purpose is to adapt and use sustainable public procurement standards in municipal public procurement centres (PPCs). The PPCs will tender environmentally friendly: - office consumables - electronics - white goods - air conditioning, heaters - office furniture	*Which indicators clearly show that the objective of the action has been achieved?* 1. Number of PPCs using the output and percentage of sustainable procurements in total procurements of each city 2. Sustainable public procurement standards and regulation	*What are the sources of information that exist or can be collected? What are the methods required to get this information?* Annual PPC reports and tender documents Analysis of relevant laws and regulations	*Which factors and conditions outside the Beneficiary's responsibility are necessary to achieve that objective? (external conditions)* The Chinese government continues to consider climate and energy saving policies (++). Willingness of national government to support sustainable public procurement (++)

DAC Criteria	Intervention	Objectively verifiable	Sources and means of	Assumptions
				Information about environmental performance of products and social production standards are available (+) Support of PPCs activities from local governments (+) *Which risks should be taken into consideration?* *Physical risks* - Difficulties in arranging visits (acceptable) - Natural disasters (acceptable) *Political risks* - Political instability (acceptable) *Economic risks* - Bankrupcy of partners (acceptable) - The standards cannot be observed by targeted SMEs (undesirable) - Price incentives for cheap products (undesirable) *Social risks* - Unavailability of key staff (acceptable) - Language problems (undesirable)
Expected	*The results are the outputs envisaged to achieve the specific objective.* *What are the expected results?*	*What are the indicators to measure whether and to what extent the action*	*What are the sources of information for these indicators?*	*What external conditions must be met to obtain the expected results on schedule?*

DAC Criteria	Intervention	Objectively verifiable	Sources and means of	Assumptions
Results	*(enumerate them)*	*achieves the expected results?*		
	1.) **Capacity building** in municipal PPCs on sustainable procurement procedures, tools (e.g. labels) and methodologies (e.g. life-cycle approach). 2.) **Implementation** and thus **energy savings and pollution reduction** in target cities: a) 20-30% saved energy for office equipment (computer, printer, fridge, boiler, copy machine, telecommunication), b) Reduction of water consumption and waste generation in paper and detergent production (10-15%) and c) Reduction of water pollution through detergents (10-15%). (Total energy savings for the target cities can be estimated at 3.5 million kWh in the second to 18 million kWh in the third year. Estimates for wastewater are 9 million and 49 million tons per year and for solid waste reductions 1.5 million and 8 million tons per year. 3.) **Acceptance** of sustainable procurement standards within the concerned SMEs.	Number of performance standards, manufacturer information, tools and methodologies referred to Number of tendering processes in target cities Direct measurement through baseline-comparisons with respect to: a) energy consumption in public institutions (kWh) b) water usage and waste generation in paper and pulp production (litre and ton) c) COD water pollution (mg/l) Number of SMEs participating in tender procedures a) Number of participants from further PPCs at workshops and conferences b) Application of project outputs in associated and other cities	Content of tender documents Project will establish baseline calculation and monitoring Direct measurement, yearly analysis of annual PPC reports Direct measurement National statistics (NBS), Survey (under activity 1.1)	*PPCs are motivated to implement sustainable public procurement (++)* *There is a considerable number of call for tenders during the project implementation (++)* *Other cities are interested in learning from the project and implementing procurement standards due to national regulation (+)*

DAC Criteria	Intervention	Objectively verifiable	Sources and means of	Assumptions
	4.) **Dissemination** of sustainable public procurement in associated cities and other Chinese cities			
Activities	*What are the key activities to be carried out and in what sequence in order to produce the expected results? (group the activities by result)* 16 activities (A1.1-A 5.2) in 5 work packages (WPs) will be carried out (grouped by result): *ad 1 / Capacity building (WP1):*Lessons learned from public procurement principles and procedures in China and Europe will be examined and good practice will be collected. This will transparently demonstrate the advantages and shortcomings of state of the art of procurement activities (A1.2 and A1.3). This will be specified and adopted in technical guidelines (A2.2). *ad 2 / Implementation (WP 2/3):* a) The national framework will be analysed in such a way that practical consequences from the local adoption of national legislation are revealed (A2.1). b) Technical guidelines will be developed enabling the PPCs to draft action plans for sustainable public procurement (A2.2). c) Implementation of procurement in the	***Means:*** *What are the means required to implement to these activities, e.g. personnel, equipment, training, studies, supplies, operational facilities, etc?* - Personnel (from supporting partners / practical and scientific expertise on procedures, standards and tools from the EU and China) - Co-ordination office at EMCC - Translation and Publications Personnel a) from local PPCs b) expertise from Europe and supporting partners c) Involvement of practical advice from Berlin Energy Agency (subcontract) d) Feedback workshop after testing stage Workshops for involving	*What are the sources of information about action progress?* Each Work package includes one workshop. This workshop serves as milestone summarizing progress and as feedback loop for the partners and stakeholders involved (A1.4, A2.3, A3.3, A4.3, A5.2). During the workshops, energy savings already achieved (will be critically reflected based on baseline calculations. **Costs** *What are the action costs? How are they classified? (breakdown in the*	*What pre-conditions are required before the action starts?* -none- The action can start immediately *What conditions outside the Beneficiary's direct control have to be met for the implementation of the planned activities?* - none - As PPCs are involved as implementing partners and national legislation, the action can start immediately

DAC Criteria	Intervention	Objectively verifiable	Sources and means of	Assumptions
	3 target cities (A3.1). d) Sound measurement of environmental effects (A.3.2) *ad 3 / Acceptance (WP 2/3):* All relevant stakeholders (e.g. SME representatives, retailers, suppliers) will be involved in such a way that experience is shared and achievements disseminated (A1.4, A2.3., A3.3, A4.3, A5.2). *ad 4 / Dissemination (WP 4/5):* a) Promotion of project results and provision of hands-on sustainable public procurement tools that raise awareness and knowledge about sustainable public procurement beyond the three target cities (see A4.1-A4.4) b) Local initiatives and the national decision-makers are linked in such a way as to enable them formulate policy recommendations (see A5.1 and A5.2).	SMEs Interpreters Personnel (Experts) - Website (provider) - Professional layout of brochure - Conference - Translation - Personnel (Experts) - Stakeholder interviews - Policy dialogue workshop - Translation and interpreters	*Budget)* Cost of the action: 917.450 € - 70% human resources - 5% travel - 15% other costs - 3% contingency reserve - 7% overheads Distribution among WPs: WP1: 180.000 € WP2: 180.000 € WP3: 275.000 € WP4: 190.000 € WP5: 90.000 € EC funding is 80%	

ANNEX 2: Selected projects

The following table classifies the selected projects according to the targets/indicators they aim to contribute to.

Country	Targets and indicators	Title
PHILIPPINES	Targets 7A, 7B - Indicators 7.1, 7.2	Governance and Local Development for Endangered Forests (GOLDEN Forests).
PHILIPPINES	Target 7A - Indicators 7.3	Green Philippine Project
CHINA	Targets 7A, 7B - Indicators 7.1, 7.2	Biodiversity Protection Programme
INDIA	Targets 7C	Sustainable Community-Based Approaches to Livelihoods Enhancement in Gujarat
NEPAL	Target 7 A - Indicators 7.3	Renewable energy project
CAMBODIA	Targets 7 A, 7 B - Indicators 7.1	Promoting Community Forestry in Cambodia
CHINA	Target 7A	Provincial Strategies & Actions for Climate Change Mitigation & Adaptation in China.
INDONESIA	Target 7 A	Accountability and Local Level Initiative to Reduce Emission from Deforestation and Degradation in Indonesia (ALLREDDI)
CAMBODIA	Target 7C, indicators 7.4 and 7.5	Construction of Water Supply and Sanitation Facilities in Battambang, Bantaey Manchey and Siem Reap
CHINA	Target 7A, indicators 7.3	Train of Trainers: a proposal to train Chinese construction sector SMEs in Energy saving techniques & Technologies
CHINA	Target 7A, indicator 7.3	Sustainable and Responsible Trade Promoted to Wood Processing SMEs through Forest and Trade Networks in China, India and Vietnam
SRI LANKA	Target 7A, indicator 7.3	Sustainable Production in the Food & Beverages Industry in Sri Lanka

Country	Targets and indicators	Title
PAKISTAN	Target 7A, indicator 7.3	Sustainable and cleaner production in the manufacturing industries of pakistan (sci-pak)
NEPAL	Target 7A, indicator 7.3	Proposal for Enhancement of Sustainable production of Lokta Handmade paper in Nepal
CAMBODIA	Target 7A	Cambodia Climate Change Alliance - CCCA
BANGLADESH	Target 7A, indicator 7.3	Re-Tie Bangladesh: Reduction of environmental threats and increase of exportability of Bangladeshi leather products
VIET NAM	Target 7A, indicator 7.3	Helping Vietnamese SMEs Adapt & Adopt CSR for Improved Linkages with Global Supply Chains in Sustainable Production
CHINA	Target 7A, indicator 7.3	Improving Environmental and Safety Performance in Electrical and Electronics industry in China
CHINA	Target 7A, indicator 7.3	Implementing industrial symbiosis and environmental management systems in tianjin binhai new area
CHINA	Target 7A, indicator 7.3	Electric Motor Systems Energy-Saving Challenge – Improving the Operating Efficiency of Chinese Electric Motor Systems
MONGOLIA	Target 7A, indicator 7.3	Green Products Development and Labeling in Mongolia
SRI LANKA	Target 7A, indicator 7.3	Enhancing Environmental Performance in Key Sri Lankan Export Sectors
CHINA	Target 7A, indicator 7.3	Sustainable Public Procurement in Urban Administrations in China (SuPP-Urb China)
REGIONAL	Target 7A, indicator 7.3	Establishing a Sustainable Production System for Rattan Products in Cambodia, Laos and Vietnam