

2016  
Project Implementation Review (PIR)  
of

**PIMS 5239**

**NPIF - Promoting the Application of the Nagoya Protocol on Access to Genetic Resources and  
Benefit Sharing in Bhutan**

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## A. Basic Project and Finance Data

|   |   |
|---|---|
| Project Implementing Partner:                               | National Biodiversity Centre, Ministry of Agriculture Forests |
| GEF Focal Area:   | Biodiversity  |
| Country(ies)  |   |
| Project Start Date:   | 24-Sep-2014   |
| Planned Project Closing Date:                               | 24-Sep-2018   |
| Total GEF Grant (U\$S)                                      | \$ 1,045,000  |
| GEF Grant Disbursed as of 30 June (U\$S):                   | \$ 394,650.33   |
| Total Co-financing (as planned in CEO endorsement request): | \$ 3,003,668.00   |
| Overall Risk Rating   | Moderate  |
| Overall DO Rating   | Satisfactory  |
| Overall IP Rating   | Satisfactory  |

## B. Project Contacts and Links

| Partner                               | Contact Name       | Email Address               |
|---------------------------------------|--------------------|-----------------------------|
| Project Coordinator / Manager         | Chencho Dorji      | dorjichecncho@gmail.com     |
| UNDP Country Office Programme Officer | Jigme Dorji        | jigme.dorji@undp.org        |
| Project Implementing Partner          | Chencho Dorji      | dorjichencho@gmail.com      |
| GEF Operational Focal Point           | Thinley Namgyel    | tnamgyel@gnhc.gov.nt        |
| Other Partners                        | NIL                |                             |
| UNDP Technical Adviser                | Doley Tshering     | doley.tshering@undp.org     |
| UNDP Programme Associate              | Pakamon Pinprayoon | pakamon.pinprayoon@undp.org |

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|-------------------------|--|
| Project website, etc.   | Under development on facebook  |
| Links to media coverage | <a href="https://www.thegef.org/gef/node/11386">https://www.thegef.org/gef/node/11386</a> <a href="http://www.nbc.gov.bt/downloads/draft-biodiversity-bill">http://www.nbc.gov.bt/downloads/draft-biodiversity-bill</a><br><a href="http://www.nbc.gov.bt/news/international-seminar-on-traditional-knowledge-associated-with-genetic-resources.html">http://www.nbc.gov.bt/news/international-seminar-on-traditional-knowledge-associated-with-genetic-resources.html</a> <a href="http://www.nbc.gov.bt/news/laboratory-training-on-different-methods-of-natural-product-extraction-focused-on-tlc-technique.html">http://www.nbc.gov.bt/news/laboratory-training-on-different-methods-of-natural-product-extraction-focused-on-tlc-technique.html</a><br><a href="http://www.undp.org/content/bhutan/en/home/presscenter/articles/2015/06/08/learning-to-make-the-best-of-bhutan-s-biodiversity.html">http://www.undp.org/content/bhutan/en/home/presscenter/articles/2015/06/08/learning-to-make-the-best-of-bhutan-s-biodiversity.html</a><br><a href="http://www.undp.org/content/bhutan/en/home/presscenter/articles/2015/06/17/using-ancient-traditions-to-break-new-economic-ground.html">http://www.undp.org/content/bhutan/en/home/presscenter/articles/2015/06/17/using-ancient-traditions-to-break-new-economic-ground.html</a> |

## C. Project Summary

Bhutan's unique biogeographic location at the intersection of the Indo-Malayan Realm and the Palearctic Realm combined with extreme altitudinal range and micro-climatic conditions have given rise to an outstanding diversity of flora and fauna. More than

5,600 species of vascular plants, close to 200 species of mammal, and some 690 species of birds have been recorded in a country that is just 38,394 km<sup>2</sup> in geographical size, the second smallest in all of South Asia. At the global level, the country forms the core of the Eastern Himalaya which is recognized to be a global biodiversity hotspot and a globally important eco-region. The global significance of the country's biodiversity is accentuated by the fact that they hitherto occur virtually unfragmented over vast stretches of natural land as a result of limited human intrusion. There is a profound nexus between the country's biodiversity and its people. Sixty-nine per cent of the population live in the rural areas subsisting on an integrated farm-based livelihood system that combines crop agriculture, livestock rearing, and use of a wide range of forest products. The ethno-botanical uses, even to this day, remain significant. Traditional medicines, derived from more than 200 species of medicinal plants in the wild, form an important part of the public health services system. In the rural areas, local people collect a wide range of biological resources for food, incense, energy, and handicraft production.

The country's biodiversity, although in a relatively good state, is threatened by overharvesting fueled by population growth and transformation from a subsistence economy to a consumer-based economy, competitive land uses for urbanization and infrastructure development, industrial and mining operations especially in the southern region, poaching along the porous borders with India and China, human-wildlife conflicts as result of crop and livestock depredation by wildlife, and climate change exacerbating the risks of forest fire, and pest and disease.

To counter the various threats to biodiversity, the country has planned various strategies for the conservation and sustainable use of biological resources for socio-economic development at national and local levels. One of the recent biodiversity programs includes bio-prospecting and ABS. However, the country currently does not have a fully functional regulatory and institutional framework for ABS, and the institutional and personnel capacity to carry out bio-prospecting beyond basic level and develop and manage ABS schemes that are compliant with Nagoya Protocol.

This project has been conceived with the objective to develop and implement a national ABS framework, build national capacities and facilitate the discovery of nature-based products. It will focus on three components: (a) development and operationalization of a national regulatory and institutional framework for ABS; (b) capacity development and awareness-raising for the implementation of the national ABS framework; and (c) demonstration of best practices of ABS processes.

The first project component will involve review and consultative processes for approval of the draft ABS policy, promulgation of the Biodiversity Rules and Regulations for ABS implementation in compliance with the approved ABS policy and the Nagoya Protocol and based on an extensive consultation process, and establishment and operationalization of an institutional framework in accordance with the requirements of the Biodiversity Rules and Regulations.

The second component will involve upgrading of the bio-prospecting laboratory facilities and improving the technical skills of the lab technicians, staff training on ABS Regime Management based on a toolkit and training course developed through a comparative assessment of best approaches and practices for ABS management relevant to Bhutan, and a study tour for a group of Bhutanese to observe and secure first-hand knowledge and insights on bio-prospecting and ABS activities in the South and South East Asia regions. It will also include a series of advocacy and sensitization events and mass media programs to raise awareness of ABS among various groups using well-developed communication materials.

The third component will support the development and operationalization of three pilot ABS agreements that are compliant with Nagoya Protocol and encompass the best practices of ABS processes. The pilots will be implemented by three different institutions: the National Biodiversity Center, a government research and development institution which is also the national focal agency for ABS and Nagoya Protocol; Menjong Sorig Pharmaceuticals, a government company with the mandate for research and production of traditional medicines; and Bio Bhutan, a private sector enterprise developing and producing bio-products with the involvement of local community groups. Each will engage with international partners for analysis and product development. This component will also involve the development and dissemination of knowledge resources emanating from the country's experience in ABS.

## D. Progress toward Development Objective

| Objective/Outcome | Description  | Description of Indicator  | Baseline Level   | Target Level at end of project   | Level at 30 June 2016   |
|-------------------|--|---|--|--|---|
| Objective         | To develop and implement a national ABS framework, build national capacities and facilitate the discovery of nature-based products | Existence and use of regulatory and institutional frameworks for implementation of ABS in compliance with the Nagoya Protocol                                 | Draft ABS policy in place and under review, and interim institutional measures in place in anticipation of the approval of draft ABS policy. Biodiversity Act in place but there are no rules and regulations detailing procedures and institutional mechanisms for implementation | National ABS Policy approved, and regulatory and institutional frameworks developed and operationalized                              | The Government adopted interim Access and Benefit Sharing (ABS) Policy of Bhutan 2015. Subsequently Biodiversity Act 2003 has been revised to harmonise with Nagoya Protocol, the Treaty and Interim ABS policy of Bhutan 2015. The draft Biodiversity Bill has been finalized in consultation with national and regional stakeholders and will be presented to the Parliament in the winter session of 2016. Furthermore, the rule and regulations for the Biodiversity Act has also been drafted and will be finalized as soon as the Bill is passed by the Parliament. In terms of achievement against its target, it is on track, with approximately 30% achievement, even though it is not a quantitative indicator. |
|                   |  | Level of institutional and personnel capacity for implementation of the national ABS framework as indicated by an increase in the GEF ABS Tracking Tool score | 34 out of a possible 69 = 33.33%<br>Basic to moderate capacity within government agencies but virtually no capacity in the private sector.   | Improved institutional and personnel capacity indicated by an increase of at least 25% over the GEF ABS Tracking Tool baseline score | Numerous activities such as seminars, workshops, meetings, institutional visits, study tours, training are being conducted to build   |

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|           |   |  |  |  | personnel capacity and equipment are procured and installed, frameworks are being developed to institutionalize the ABS Regime. This will become more clearer through the mid term evaluation and ABD tracking Tools, which will be updated in September 2016.   |
| Outcome 1 | An operational national regulatory and institutional framework on ABS | Approval of ABS policy and Biodiversity Rules and Regulations, and their use in establishing the institutional mechanisms for ABS implementation | Draft ABS Policy in place, Biodiversity Rules and Regulations not promulgated, and existing institutional mechanisms are interim and basic | ABS Policy approved within the first year of the project, followed by promulgation of the Biodiversity Rules and Regulations encompassing ABS implementation in the second year. | The draft ABS policy had undergone numerous consultations both at the national and international level. Then, it was finally screened via GNH policy screening tool as required and presented to the GNH commission which is chaired by H.E the Prime Minister of Bhutan. On 7th August 2015, the draft policy was formally endorsed as the Interim Access and Benefit Sharing (ABS) Policy of Bhutan 2015 and is being used for the implementation of the ABS Regime within the country. The Policy was also translated into the national language and copies of the policy have been printed and distributed to various stakeholders for reference. Subsequently, the Biodiversity Act 2003 has been revised in consultation |

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|           |  |  |   |   | with national and regional stakeholders. This final draft bill will be presented to the Parliament in the winter session of 2016. Subsequently, the rule and regulations for the above Bill has also been drafted and will be finalized as soon as the Bill is passed by the Parliament. The new Bill and the regulatory framework for ABS will ensure the sustainable use and equitable sharing of benefits to rural communities from Bhutans biological resources. |
|           |  | Operational national ABS institutional framework indicated by: - Existence, and the number, of Competent Authorities designated at national (and sub-national) level - Number of exit/entry points designated for checking ABS information/ permits<br>- Existence of a system of internationally-recognized certification of origin and compliance and issuance of certificates | NBC designated as the National Focal Point based on Government Executive Order; no Competent Authorities designated at national/ sub-national levels; no checkpoints designated for checking ABS information/ permits | Competent authorities designated at national level and, if necessary, at sub-national level based on the approved Biodiversity Rules and Regulations A network of 4-5 exit/entry points designated for checking ABS information/ permits System of internationally-recognized certification of origin and compliance in place and operational | The designation of competent Authorities will be in place once the draft Biodiversity Bill 2016 is passed by the Parliament. The designation of exit/ entry points for checking ABS information/ permits, existence of a system of internationally-recognized certification of origin and compliance and issuance of certificates will be carried out in 2017/18 as reflected in the multi-year work plan.   |
| Outcome 2 | Increased national capacities and awareness for the implementation of the national ABS framework | Increased technical capacity for bio-prospecting laboratory analysis indicated by: Type and number of equipment procured and installed   | Existing laboratory facility and staff skills cover only crude extraction; 250 crude extracts are preserved in NBCs extract   | Laboratory facility and staff skills will be upgraded for bio-activity tests up to the level of fractionation; 1,250 crude extracts   | The project has procured number of equipment such as High Performance Liquid Chromatography (1set) and   |

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|  |  | <p>at the NBC bio-prospecting laboratory facility; Number of staff with knowledge and skills in specific bio-prospecting laboratory techniques using the upgraded facility; Number of crude extracts identified for bio-activity tests and number of compounds fractionated from the extracts</p> | <p>library for bio-activity test and no compounds have been fractionated for development of trial products</p> | <p>preserved in NBCs extract library; 25 compounds fractionated from the extracts for development of trial products</p> | <p>Water Deionizer (1 set), Soxhlet apparatus (2 sets) and Clevenger apparatus (2 sets) for the NBC to enhance technical capacity for bio-prospecting laboratory analysis. 7 technical staff (4 males; 3 females) at NBC have been trained on how to use the above equipment for bio-prospecting techniques. The staff are competent for any screening of compounds within plant extracts using the upgraded facilities. Furthermore, 8 government and private laboratory officials (4 males; 4 females) along with the NBC technical staff were also trained on natural product extraction methodologies in 2015 and 2016 in collaboration with Nimura Genetics Solutions, Japan and Chanel PB, France respectively. A one-day seminar on chromatography and spectroscopy applications for 30 various stakeholders were also conducted in collaboration with Agilent Technologies, Singapore and Prudent Meditech International, Nepal to build national capacity and impart better understanding of the equipment and its</p> |
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|  |  |   |   |   | technology, besides its usage. The NBC has identified 714 plant samples out of which 423 samples have been collected and processed for development of crude extracts, which will be further screened for active compound in the early 2017.   |
|  |  | Number of staff at NBC and partner agencies with improved knowledge and skills on the full cycle of ABS regime management   | Less than 20 staff have basic and partial knowledge and skills for ABS regime management  | At least 25 staff in NBC and partner agencies have improved knowledge and skills for the full cycle of ABS regime management  | 31 officials (12 females; 19 males) consisting of 15 from NBC and 16 from various partner agencies have been oriented on the full cycle of ABS regime management through institutional visits, study tours and seminars/workshops to improve their knowledge and skills for the implementation of ABS. This indicator has been more or less achieved but we might need to conduct more sensitization programme as and when needed for the remaining project period. |
|  |  | Percentage of parliamentarians, researchers, academia, local governments and communities, private sector companies, and other groups targeted by the project awareness campaign that are aware of the national ABS policy and associated regulatory | The current level of awareness is expected to be extremely low as the subject is new. A baseline survey will be conducted for the identified target groups in the first year. | At least 250 participants, including 50% women, covered through the targeted training seminars. An increase of at least 50% over the baseline survey results from the first year of the project | A perception study on awareness of ABS for targeted groups to establish a baseline on the level of awareness was conducted in 2015. The study had two specific objectives and the first specific objective is to  |



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|  |  | and institutional frameworks |  |  | <p>identify and evaluate the perception and expectations of the communities, local governments, researchers, and members of the Parliament regarding access and benefit-sharing while the second specific objective is development of baseline on ABS awareness level for targeted groups which is covered under outcome 3. The study covered 346 respondent (321 farmers, businessman and local government from project sites Dagala, Lingshi, Langthel, Lokchina and Soe/Naro; 16 Parliamentarians; 9 researchers) and baseline report provided an indication of understanding level, among different stakeholders, from the study 91.7% of the respondents are not aware on ABS. However, the level of understanding on National ABS Policy, and associated regulatory and institutional frameworks are ranging from high for the parliamentarians/researchers to low for the local government, businessmen and farmers. A total of 100 awareness workshops on ABS and traditional</p> |
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|  |  |  |  |  | <p>knowledge have been organized at the Gewog (sub districts level), covering 9,421 participants (5,374 females and 4,047 males) from 100 Gewogs, starting from 2014 October till date. The workshops aimed at raising awareness on ABS and related policy and regulatory frameworks at the grass-root level. Furthermore, two seminars were also organized for 46 government officials/researches and 28 academicians to raise their awareness on ABS regime. Posters and brochures (in English and Dzongkha, the national language) on ABS were distributed to the participants. An article with a theme on ABS in Bioprospecting A Greening Realty was published in Happiness Booklet in February 2016. The booklets were distributed in 39 Higher Secondary Schools across the country to raise awareness on ABS among the students. The draft ABS policy was presented to Environmental Committee of the National Assembly and National Council, Gross National Happiness Commission</p> |
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|           |  |  |  |  | consisting of all the Government Secretaries to seek their feedback and guidance before it was approved by the Government.  |
| Outcome 3 | Best practice ABS processes are demonstrated recognizing the principles of biodiversity conservation, Prior Informed Consent (PIC) and Mutually Agreed Terms (MAT) including the fair and equitable sharing of benefits. | Number of pilot ABS agreements developed and operationalized for initial commercialization of trial products | Two ABS agreements exist that pre-date Bhutans ratification of the Nagoya Protocol | At least three ABS agreements developed and operationalized for initial commercialization of at least 3 trial products incorporating PIC, MAT and fair and equitable benefit sharing provisions. The agreements should also include in situ and/or ex situ conservation measures for the concerned biological resources. | The ground work on establishing ABS agreements with five community groups in Thimphu, Chhukha, Trongsa and Paro district have been completed. Three different pilot models of ABS viz. 1) Government to Government, 2) Government to Private and 3) Government to Community have been initiated with the above community groups. The bye-law/community protocols within the groups have also been developed for implementing the ABS agreements, which consists of management plans for sustainable utilization of the biological resources. Simultaneously, the research works on product development have been initiated and the prototype products will be developed by the end of 2016 or early 2017. |
|           |  | Number of PIC processes with ILCs implemented in accordance with   | Some preliminary engagement with local communities is there                        | At least one PIC process with ILCs implemented in accordance with  | This will be carried out the fourth quarter of 2016 as  |

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|  |  | the planned PIC/community protocol  | but no full-fledged processes have been undertaken  | the planned PIC /community protocol  | reflected in the AWP.   |
|  |  | Number of knowledge resources developed and disseminated  | No Bhutan-specific knowledge resources on ABS available   | At least 3 studies on ABS carried out, published and disseminated; National seminar on ABS experience in Bhutan conducted towards the end of the project | Three studies 1) Comparative study on ABS policy Approaches and Practices, 2) Gender Differentiated study on Community Behaviour and Attitude towards ABS and 3) Stock taking and analysis of best practices and lesson from Bhutan on ABS experiences will be conducted in 2017 and 2018 as reflected in the project document.   |
|  |  | Percentage of the population of ILCs participating in the pilot projects aware of the existence, use and option values of the biological resources under their stewardship. | Current levels of awareness expected to be extremely low as the subject is new, with the possible exception of those communities already engaged in bio-exploitation initiatives. A baseline survey will be conducted for the identified communities in the first year. | At least 80% awareness level among participating communities   | This is an on-going initiative and will have a clearer picture of the level of awareness among the participating communities towards the end of the project period through a perception study.A perception study with a specific objective to develop baseline on ABS awareness level for targeted groups was conducted in combination with the other specific objective to identification and evaluation of the perception and expectations of the communities, local governments, researchers, and members of the |

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|  |  |  |  |  | Parliament regarding access and benefit-sharing. The study has target 321 (52% male and 48% female) respondents with multi-stage stratified random sampling technique. The targeted groups consist communities from the project sites at Dagala, Lingshi, Langthel, Soe/Naro and Lokchina. The study concluded that 90.6% of the communities are not aware on ABS. |
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#### E. Annual Project Quality Assurance Assessment

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| Project Governance   |  |
| Are at least 40 percent of the personnel hired by the project, regardless of contract type, female?      | Y  |
| Dates of Project Steering Committee/Board meetings during reporting period (30 June 2015 to 1 July 2016) | January 2016   |
| Did the Project Board function as intended this reporting period?  | Y  |
| Please add any comments on project governance.   | The PMU is supervised by the Project Director and governed by Project Steering Committee for high level guidance and oversight of the project. The PSC provides high-level management decisions and guidance required for the implementation of the project, including recommendation and approval of annual work plans and revision. At the operational and programmatic level, Technical Advisory Group consisting of a multi disciplinary team of technical people supports the project. Furthermore, advices and endorsements are always discussed and sought from officials from Gross National Happiness Commission and UNDP whenever there are bottlenecks within the project implementation. |

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| Annual Work Planning   |   |
| Have project inputs been procured and delivered on time and budget this reporting period?  | Y   |
| Will the project be able to close on time as planned?  | Y   |
| Please add any comments on annual work planning.   | Till date the project have met the targeted timeline, and seems it will be able to close on time, but honestly, it too early to forecast as we are only in the second year of its implementation.   |
| Stakeholder engagement and target groups   |   |
| Please discuss how stakeholders and target groups were directly engaged in the decision-making, implementation and monitoring of the project this reporting period.  | Stakeholder engagement and empowerment is a priority of the project. Five farmers group were formed in Thimphu, Chhukha, Trongsa and Paro and community protocols developed for the groups. In all this process, the project implementers only played a role of facilitator and the decision was solely made by the members of the group through democratic process of voting their chairman, secretary and treasurer, framing their own By-laws for the group and developing the biological resource management plan. Menjong Sorig Pharmaceuticals and Biobhutan as key stakeholders developed their own yearly work plan and implemented the activities. Royal Audit Authority audited the project to ensure compliance as per the project documents. Thus, project related decision especially the Piloting ABS Schemes are decentralized to ensure accountability and sustainability of the project. |
| Monitoring & Evaluation (M&E)  |   |
| Please discuss how the project M&E Plan was implemented and used to support effective project management this reporting period (e.g. please consider whether progress data against the indicators in the project results framework was reported using credible data sources and collected according to the M&E plan, including sex disaggregated data as relevant; whether lesson learned were used to take corrective actions as necessary; whether evaluations were conducted following the UNDP-GEF guidance available at <a href="http://www.undp.erc.org">www.undp.erc.org</a> ; and other issues as relevant). | The implementation of activities under the Project is timely monitored by PMU and UNDP CO through inception reports, periodic/quarterly standard progress report, APR, project publications, back to office reports and field visit report. A key monitoring aspect of the project is that the project activities and its annual targets have successfully woven into the Annual Performance Agreement of the implementing partners that they signed with the Prime Minister Office and the progress is being monitored on quarterly basis the established government performance system. The mid-term evaluation for the project is due in 2016 and will be conducted in the last quarter.   |
| Social & Environmental Standards   |   |
| Were any new social and environmental impacts and risks identified this reporting period?  | N   |

Please discuss how social and environmental impacts and risks were managed this reporting period, as relevant.

## F. Ratings and Comments on Project Progress

### Project Progress toward Development Objective

| Role                                  | 2016 Rating  | 2016 Comments  |
|---------------------------------------|--------------|--|
| Project Manager/Coordinator           | Satisfactory | <p>The NPIF Project has been progressing well and significantly achieved its target set within the AWP. The project has completed 70% of work under 'outcome 1: An operational national regulatory and institutional framework on ABS' and have progressed significantly. Namely, under the Outcome 1, the Interim ABS Policy of Bhutan 2015 has been adopted and the existing Biodiversity Act of Bhutan 2003 has been successfully revised to harmonize with the Interim ABS Policy, CBD, Nagoya Protocol and the ITPGRFA. The revised Act will be further submitted to the Parliament in this fiscal year for endorsement. Subsequently, following a parallel process to save time, the rules for the Act has also been drafted and will be finalized after the adoption of the Act. The delay in the adoption of the ABS policy by the government have delayed the process for revision of the Biodiversity Act of Bhutan 2003, nonetheless, the prioritization and strong commitment of implementers, collaborators and stakeholders completed the activity within stipulated timeframe. With regard to 'Outcome 2: Strengthening stakeholder capacity and awareness supporting implementation of the national ABS Policy'. Till date, more than 15 seminars, meetings, trainings and workshops (in-country as well as ex-country) starting from laboratory training to product development have been conducted for the stakeholders to build the capacity of the project implementers. To strengthen the institutional capacity through up-gradation of infrastructure within the project partners, specialized equipments such as HPLC, SPF analyzer, cutometer, distillers etc. have been procured and installed at the respective laboratories of the project partners along with specialized trainings on its operation. Further, awareness on ABS and documentation of Traditional Knowledge associated with biological resources have been completed in 100 Gewogs covering 9421 (5374 Females and 4047 males) with the assistance of local guides/elders and unemployed youths for translating local dialects whenever necessary. Furthermore, a baseline study to establish the level of ABS awareness amongst the different stakeholders were successfully completed with 91.7% of the stakeholders not being aware of ABS. Under 'Outcome 3: Piloting ABS Schemes' the ground works such as project site selection, community consultation, formation of farmers group in five targeted communities and providing capacity building interventions were very successful even though project site for BioBhutan had to be changed due to their inventory research. Three different models of ABS have been initiated and works are ongoing for signing of an ABS agreements with the communities under the different models. The baseline study to establish a level of ABS awareness amongst the communities of the targeted project sites was completed with the results indicating a low level of understanding on ABS (90.6%) within the communities. Therefore, even though the project faced certain challenges during the implementation as mentioned above, but with timely support from UNDP CO, GNHC and guidance from the Project Director and Project Steering Committee, the project could overcome these challenges and complete all the activities within its AWP on the stipulated timeframe. The project is well on track to achieve its stated objectives.</p> |
| UNDP Country Office Programme Officer | Satisfactory | <p>The project has been rated as "satisfactory" in terms of its development of objective. The key development achievement of the project during its first year of implementation is the adoption of an interim ABS policy and revision of Biodiversity Act of Bhutan 2003, aligning with ABS policy and Nagoya Protocol. Furthermore, the rule and regulations for the above Act has also been drafted and ready for finalization as soon as the new Biodiversity Bill is passed by the Parliament in the coming winter session. This achievement contributes in advancing the objective of the Outcome 1, which is about strengthening the national regulatory and institutional framework on</p>   |



|                              |              |   |
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|                              |              | <p>ABS. Under Outcome 2, the project conducted number of stakeholder capacity and awareness programmes to support implementation of the national ABS through Traditional Knowledge (TK) documentation; documentation of plant species and development of database for TK, which are currently underway. The institutional capacity of key government agencies has been strengthened by providing trainings on plant extraction and bio prospecting activity in collaboration with Nimura Genetics Solution. The Project has also procured specialized equipment such as HPLC equipment for National Biodiversity Centre to enhance technical capacity for bio-prospecting laboratory analysis. Specialized trainings were also provided to NBC's laboratory staffs on processing, analyzing biological resources and product development. Under Outcome 3, the project has identified project site and community groups for piloting ABS agreements. Furthermore, bye laws were also developed for the management and functioning of the community groups. Community group members were trained and equipped with skills on cultivation and sustainable management of the selected biological resources. Therefore, the project is well on track and will achieve its stated objectives before the closure of the project. However, some of the risks and challenges that the project faced as well as the mitigation measures taken are as follow:</p> <ol style="list-style-type: none"> <li>1. There was a low level of understanding of ABS among the stakeholders. Therefore, the project had to conduct number of awareness and sensitization programmes at different levels (ministry, district and community) to orient them ABS framework. As result of these initiatives, stakeholders including the community beneficiaries now appreciate the ABS regime. But the awareness programs need to be continued in partnership with relevant actors to reach the remaining communities/Gewogs to ensure the sustainable usage of the natural resources.</li> <li>2. There was a difficulty in communicating with TK holders in local dialect. Therefore, the project used the services of local guides, elders/influential person and unemployed youth in the locality to communicate with TK holders where felt necessary.</li> <li>3. There was a change in project site as in the case of Bio-Bhutan from Linshi/Naro to Dagala because of community's interest and availability of Rhododendron anthopogon. This was discussed in the steering committee meeting and had their endorsement.</li> <li>4. UNDP Bhutan initiated the procurement of R &amp; D equipment for MSP to develop the new products in in April 2015. However, it took almost a year to deliver the equipment. The primary reason for the delay was the change in requirements, specifications and quantities and were revised multiple times due to budget restrictions and end-user requirements. Finally, the equipment has been delivered in the first week of June 2016 and are ready of operation to test the new products.</li> </ol> |
| Project Implementing Partner |              |   |
| GEF Operational Focal point  | Satisfactory | As rated by the Project Manager and the Programme Officer of UNDP, the project has been rated as "satisfactory" mainly on the accounts of its key development achievements during the first one and half year of its implementation. The project has supported the Government in finalizing an interim ABS policy and revised the Biodiversity Act of Bhutan, aligning with ABS policy and Nagoya Protocol. Furthermore, rules and regulations are also in place to support the implementation of these acts. The capacity of the key technical institutes such as National Biodiversity Centre, Menjong Sorig Pharmaceutical and Bio Bhutan have been strengthened through numerous training, workshops and provision of necessary equipment. The community members have also been oriented on ABS framework by having a number of awareness workshop and stakeholder consultations.   |
| Other Partners               |              |   |
| UNDP Technical Advisor       | Satisfactory | This is the first PIR for the project. The project was approved 12 September 2014. The project document was signed between the Government and UNDP on 22 September  |

2014, under two weeks after CEO approval, and the inception workshop was held on 30 October 2014. This in itself is an exceptional achievement. In line with this impressive record, the implementation of this project has continued smoothly and delivered significant results within a short period of around 18 months. The project is rated as "satisfactory" for its progress towards achievement of its development objective. The objective of this project is to develop and implement a national ABS framework, build national capacities and facilitate the discovery of nature-based products. This objective is to be delivered through three components: (a) development and operationalization of a national regulatory and institutional framework for ABS; (b) capacity development and awareness-raising for the implementation of the national ABS framework; and (c) demonstration of best practices of ABS processes. The following describes achievement made by the project. Under component 1, the project has drafted the ABS policy that has undergone several rounds of stakeholder consultations and expert review and has been formally endorsed as the Interim Access and Benefit Sharing (ABS) Policy of Bhutan 2015 by the Prime Minister. Along with the policy document, the project has supported the preparation of a draft Biodiversity Bill 2016. This will establish among others the designated Competent Authorities for ABS in the country while also guiding work under definition and formalization of monitoring and enforcement of ABS permits and related activities in the country. A lot of progress has been made under component 2: in addition to equipping the national bioprospecting laboratory, the project has also supported skills enhancement training of government staff and undertaken awareness and outreach activities, including a perception survey to establish project baseline in this regard. This included introduction to the ABS regime management and enhanced knowledge on background and implementation of ABS. In addition, work is underway to establish and develop a national registry of prospective genetic compounds for future ABS use. In this regard, the project supported collection of samples and processing of extracts. Under component 3, the project is supporting 5 communities in navigating through the process of engagement in ABS agreements while in tandem supporting development of by-laws for ABS agreements. Given the country's context the project is also leading involvement of three different ABS models including Government to Government, Government to Private and Government to Community. In addition, the project commissioned studies on assessing global best practices on ABS policy and approaches which will inform the analysis and documentation of best practices on ABS in the country. In summary the project is close to achieving more than 30 percent of the various targets and indicators and is well positioned to deliver on all its development objective. Hence the project has been rated "satisfactory". I would like to congratulate the project team for this. While progress has been impressive thus far, the project is recommended to focus on several important outcomes in the next reporting period, such as full operationalization of a ABS agreement and implementation such that any lessons can feed into the revision of the ABS policy and the Biodiversity Bill during the project period. In addition the project should also consider developing field level guidelines and procedures on ABS and bio-prospecting so that extension workers and other field staff are well informed to advice communities on this. Although optional, the project should consider undertaking a self-review aided by a local consultant to document lessons learnt and provide opportunities for course correction and consolidation of project achievements.

### Project Progress in Project Implementation

| Role    | 2016 Rating         | 2016 Comments  |
|---------|---------------------|--|
| Project | Highly Satisfactory | As far as PMU is concerned the overall progress of the project for the last one and half years is highly satisfactory. The works on the framework for legislation (Endorsement |

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| <p>Manager/Coordinator</p>                   |                     | <p>of ABS Policy, Revision of Biodiversity Act 2003 and Drafting its rules) have been successfully completed on stipulated time despite the delay in the starting process. The interim ABS Policy was endorsed by the government on 7th August 2015 and subsequently, the works on the revision of the Biodiversity Act 2003 was successfully completed in February 2016 and had undergone vigorous consultation processes at the national and regional till June 2016. The draft Act will now be submitted to the Ministry for approval and further submission to the Winter session of the Parliament. In order, to expedite the process of establishing the frameworks, the rules for the Act has also been drafted following parallel process against the revision of the Biodiversity Act. Capacity building, awareness raising and infrastructure development activities have been achieved much higher than the targeted numbers within the timeframe as specified within the DO ratings. However, most of the capacity and infrastructure development were focused on the initial stage and now, taking the activity to the next level, specific capacity and infrastructure development activities have already been identified for implementation. With regard to the awareness raising, as its one of the key components of the project, the project will continue to integrated process of community level awareness meeting until the remaining 105 gewogs are covered by the end of the project period. Also, the project has successfully completed the perception study on the level of ABS and a have established a baseline data on the level of ABS awareness among the targeted groups as well as among the different stakeholders. The ground setting for the piloting the ABS Schemes have been successfully completed with the identification of the project sites and capacity building for the communities of Langthel, Lokchina, Dagala, Lingshi and Soe/Naro by the respective lead agencies such as Menjong Sorig Pharmaceuticals (MSP), BioBhutan and National Biodiversity Centre. The communities are now informed on the pilot project based on ABS schemes and farmers group have been set up within the communities focusing mostly on women wherever possible. The next step within the coming one year is to engage with the farmers to develop community protocols, PIC and MATs and sign as ABS agreement with negotiated benefits as per the Interim ABS policy. On the other side, the research for development of prototype natural products under the ABS scheme is on track with MSP already experimenting their prototype products with their laboratory with support from Mae Fah Lhung University, BioBhutan procuring distillation units for extraction of the essential oils from Rhododendron anthopogon sourced from Dagala for their prototype product and National Biodiversity Centre conducting scientific validation of the recorded traditional knowledge on the genetic resource accessed from Lokchina for product development. Mass awareness raising materials such as posters, stories and articles were published, printed and distributed to reach out the wider range of stakeholders beyond the national boundaries. Even in terms of financial expenditure, the project has utilized the yearly allocated fund and have also managed to have few savings under some of the activities that have been reappropriated for other important activities with the approval of the Project Steering Committee (PSC). The PSC have met twice since the start of the project and have been instrumental in guiding the implementation process of the project as well as solving bottlenecks within the implementation. Therefore, overall the implementation progress of the project is highly satisfactory.</p> |
| <p>UNDP Country Office Programme Officer</p> | <p>Satisfactory</p> | <p>The rating has been provided as "satisfactory" since the project has initiated the implementation of most of the activities as per the annual work plan and some of the milestones/targets have been achieved as indicated in the development objective progress. The project has been efficient in delivery of its outputs. For instance, the project was able to formulate Access and Benefit Sharing (ABS) Policy within the first one and half year of its implementation. Furthermore, the Biodiversity Act 2003 has also been revised with the support of national and international and technical support to harmonise with the Nagoya Protocol, the Treaty and the ABS policy of Bhutan 2015. The draft Bill will be presented to the Parliament in the winter session of 2016. The formulation of the policy and the revision of the Biodiversity Act are timely and have been well received the Government and other stakeholders including the private</p>  |

|                              |                     |  |
|------------------------------|---------------------|--|
|                              |                     | <p>sector as they will ensure the sustainable use and equitable sharing of benefits to rural communities from Bhutan's biological resources. The project was able to support number of institutional strengthening through upgrading laboratory facilities and staff skills enhancement for bio prospecting. For instance, with the procurement of the laboratory equipment and number of training of the key technical staff, the National Biodiversity Centre and other relevant stakeholders such as the Menjong Pharmaceuticals have the required capacity to undertake bio-prospecting works. As a result of the project's support on institutional strengthening, the National Biodiversity Centre has identified 714 plant samples out of which 423 samples have been collected and processed for development of crude extracts (against the project target of 1,250), which will be further screened for active compound in 2017 and 2018. The project also conducted number of awareness raising programmes on ABS framework, benefiting 9,421 people (5,374 females and 4,047 males) in 100 Gewogs against the project target of 250 participants. As highlighted the under the development objective, the project has initiated three different pilot models of ABS viz. 1) Government to Government, 2) Government to Private and 3) Government to Community with five community groups in Thimphu, Chhukha, Trongsa and Paro district. The bye-law/community protocols within the groups have also been developed for implementing the ABS agreements, which consists of management plans for sustainable utilization of the biological resources. Simultaneously, the research works on product development have been initiated and the prototype products will be developed by the end of 2016 or early 2017. The Project is very fortunate to have strong Project Board members, chaired by the Honourable Secretary of the Ministry of Agriculture and Forests and representatives from the key agencies. In the second Project Board Meeting held in January 2016, the Board discussed key achievements, challenges and critical issues and the work plan and Budget for 2016-2017. For instance, one of the critical issues that the Board discussed intensively was on the selection of project sites for Project pilot III based on the yields of the Rhododendron considering its long term sustainability. The Board also discussed and directed CO to fast track the procurement process for the equipment for MSP to ensure timely production of trial products. During the reporting period, the project did not face any critical risks, impacting the delivery of the project outputs. Nonetheless, there were staff turnover at UNDP CO, NBC and MSP. The Board endorsed replacement of the project focal points, it also urged the Project Proponents to retain the project focal persons as far as possible to ensure the continuity of the project. The Board also encouraged the Project Management to document success stories and partnerships with Government and Non-Government Organizations, so that at the end of the project, the project can contribute to the overall goals of sustainable development. The meeting also directed the project implementer to consider providing equal opportunities to both the genders. The project had allocated sufficient budget to monitor the implementation of the project activities. This enabled UNDP CO to conduct monitoring visits to project sites in coordination with NBC during the reporting period. No evaluation was conducted during the reporting period and it is slated in the fourth quarter of 2016. The cumulative project expenditures as of 30 June 2016 is US\$ 408,085, representing 36 per cent delivery against the budget allocation of US\$ 1,106,000.</p> |
| Project Implementing Partner |                     |  |
| GEF Operational Focal point  | Highly Satisfactory | As rated by the Project Manager and the Programme Officer of UNDP, the project has been rated as "satisfactory" mainly on the accounts of its key achievements during the first one year of its implementation. The key achievements of the project include adoption of Access and Benefit Sharing (ABS) Policy of Bhutan 2015 and revision of Biodiversity Act 2003 in harmonization with Nagoya Protocol, the Treaty and Interim ABS policy of Bhutan 2015. The National Biodiversity Centre has also drafted the rule and regulations for the above Act has also been drafted to support  |

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|------------------------|--------------|---|
|                        |              | <p>the implementation of the Act. The project supported number of capacity building initiatives including training of 31 officials (12 females; 19 males) consisting of 15 from NBC and 16 from various partner agencies on ABS regime management through institutional visits, study tours and seminars/workshops to improve their knowledge and skills for the implementation of ABS policy. Besides the training, the project has procured a number of equipment for the NBC and Menjong Sorig Pharmaceutical to enhance technical capacity for bio-prospecting laboratory analysis. The other key achievement of the project is in raising the level of awareness among the stakeholders on ABS regime. A total of 100 awareness workshops on ABS and traditional knowledge have been organized in 100 Gewogs (sub districts), benefiting 9,421 people (5,374 females and 4,047 males). The ground work for establishing ABS agreements with five community groups in Thimphu, Chhukha, Trongsa and Paro district have been completed. The bye-laws/community protocols to operationalize the agreements have also been developed. The project is moving in a right direction and I am confident that it will achieve its outputs and outcomes by the end of its term.</p>  |
| Other Partners         |              |   |
| UNDP Technical Advisor | Satisfactory | <p>This is the first PIR of the project. During a short period, the project registered several significant achievements as described under the DO rating comments. The project is managed by a dedicated and competent project management team. There has been no turnover of project personnel and this made sure that the implementation of project activities was smooth and on-track. The project has been rated as "satisfactory" for its implementation progress. Key highlights of implementation progress during the year included the following: the project has delivered several policy level results "the ABS Policy 2016 was approved by the Prime Minister; the Biodiversity Act is being revised to integrate ABS provisions including alignment with the Nagoya Protocol, while also drafting the Rules and Regulations accompanying the Biodiversity Bill. A major highlight during the reporting period is the development of capacity at various levels including at the community level on understanding ABS, provisions of the ABS policy and procedures and potential of bio-prospecting in the country. This will provide the required impetus and support to implementing the ABS policy in the country. In parallel the project has also completed several important foundational aspects such as establishing the baseline on national and sub-national understanding and perceptions on ABS and also activities related to establishing ABS agreements. At least three models of ABS agreements have been discussed with stakeholders and drafted including developing bye-laws or community protocols for the same. Finally an important achievement is the completion of several studies assessing ABS policy and practices and community perceptions on ABS. The results from these studies will inform better development of practical guidelines for implementing ABS at the local level. As mentioned above the delivery of the project activities and achievement of results have been outstanding. Almost all the activities were implemented as per plan. Issues and risks were monitored adequately and uploaded on ATLAS. The project's financial delivery is slightly lower than expected compared against what was planned at the start of the project (per TBWP). In the next reporting period, the project should build on the momentum gained and partnerships fostered to advance on two higher order results "securing the approval of the policy instruments such as the Biodiversity Bill and the ABS Rules and Guidelines; and implementing a concrete ABS agreement including possible transfer of payments to the beneficiaries. The UNDP CO should continue to provide quality assurance functions while delegating project management functions to the PM. Some of the recommended activities in this regard include holding quarterly review and monitoring meetings; and making use of the project board meetings to benefit from strategic direction and support from a wider range of stakeholders. In addition, as mentioned under the DO tab, an important activity that the project should undertake is a facilitated self-review to benefit from an objective assessment of progress made and also any course correction recommendations that will emerge from the review. This</p> |

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|  | would also aid documentation of lessons learnt and possible best practices, which once produced should be widely disseminated. |
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## G. Project Planning

| Key project milestone | Status      | Original Planned Date (Month/Year) | Actual or Expected Date (Month/Year) | Comments |
|-----------------------|-------------|------------------------------------|--------------------------------------|----------|
| Inception Workshop    | on schedule | October - 2014                     | October - 2014                       |          |
| Mid-term Review       | on schedule | 9 - 2016                           | 9 - 2016                             |          |
| Terminal Evaluation   | on schedule | September - 2018                   | September - 2018                     |          |
| Project Closure       | on schedule | September - 2018                   | September - 2018                     |          |

## H. Critical Risk Management

| Critical Risks Type(s) | Critical Risk Management Measures Undertaken in 2016   |
|------------------------|--|
| Political              | Delays in the approval of the draft ABS policy Risk Management Measure: The Gross National Happiness Commission (GNHC) , has approved ABS policy as an interim Policy and has passed through the GNH screening tool and is likely to be approved by the Cabinet. |

## I. Environmental and Social Grievances

|                                       |  |
|---------------------------------------|--|
| Related environmental or social issue |  |
| Status                                |  |
| Significance                          |  |
| Detailed description                  |  |

## J. Communicating Impact

|  |
|--|
| Tell us the story of the project focusing on how the project has helped to improve people's lives.   |
| The goal of the project is to contribute to the conservation and sustainable use of globally significant biodiversity in Bhutan. The objective of the project is to develop and implement a national ABS framework, build national capacities and facilitate the discovery of nature based products. The project till dated have immensely contributed to the endorsement of the ABS Policy of Bhutan 2015 which provides the direction on how access to the Bhutanese biological resources would be granted and on what basis the benefits would be negotiated. The initiation of the three pilot ABS schemes at Dzedokha, Dang Dung, Namthar, Dagala, Soe and Lingzhi villages have started to encourage farmers to have better opportunities to prosper from their traditional knowledge of biological resources and the capacity enhancement through the project will prepare them for better negotiation of associated benefits from government and private companies. Through such intervention, they will also participate proactively in conservation and sustainable use of Bhutan's rich biological and genetic resources. |
| What is the most significant change that has resulted from the project this reporting period?  |

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| The most significant change that resulted from the project is creating mass awareness on ABS and its regulatory frameworks. Over 9000 Farmers in 100 gewogs and over 200 officers/researchers in regional and national organizations, parliamentarians, academician, businessmen have been exposed to the concept of ABS and its regulatory frameworks.  |
| Describe how the project supported South-South Cooperation and Triangular Cooperation efforts in the reporting year.   |
| There is no perfect or model ABS Schemes around the globe and the need to learn from experiences of various countries is very crucial for the success of the Project. The Project Steering Committee and Technical Advisory Committee members were taken on a institutional visit to various countries Japan, Thailand, Singapore and Malaysia to share our experiences and learn from their experiences in bioprospecting, ABS, and natural product development as well as to promote regional networking. Furthermore, the Technical team visited Philippines and Thailand to foster collaboration in the area of research and development for the development of Natural products. Through this activities, regional network is strengthen and more collaborations are drawn for the project. |

## K. Partnerships

| Partners                         | Innovation and Work with Partners  |
|----------------------------------|--|
| Civil Society Organisations/NGOs | N/A  |
| Indigenous Peoples               | The three different Pilot ABS schemes in Thimphu, Chhukha, Paro and Trongsa Districts focuses directly with the indigenous society living in Dzedokha , Namthar , Dang Dung , Soe/lingzhi and Dagala villages to access their genetic resources and traditional knowledge through an established ABS framework ensuring that benefits are plough backed into this communities. The Project is aimed at promoting people-centric conservation efforts by incentivising the communities to conserve and sustainable utilize their natural resources.   |
| Private Sector                   | The project is working very closely with Bio-Bhutan, a private national company well known for its works on essential oils of lemon grass. Under the project, Bio-Bhutan is working with Dagala communities for development of natural products from Rhododendron species. Further, the project also engages lots of private firms for printing and publication as well as consultancy works. Some of the designing and printing works were carried out by Bhutan Himalayas Audio Visuals, Rigpa Printing and Publications, Kuensel Corporation, Image arts etc.. and Garuda Legal Consultancy, mid way consultancy and Wang Consultancy were some of the consultants the project worked with in the last one and half year. Due to the unique and special nature of the project, it also engages with many International companies such as Fridjoft Nansen Institute, Nimura Genetic Solutions, Agilent Technologies, Mae Fah Lhung University etc. |
| GEF Small Grants Programme       | N/A  |
| Other Partners                   | The nature of the project requires the national firms to collaborate with international companies for research and development, thus, the project various partners within the project have MoUs with different international organizations such as Menjong Sorig Pharmaceuticals, Bhutan have MoU with Mae Fah Lhung University, Thailand, and Bio-Bhutan has MoU with Primavera, Germany and National Biodiversity Centre has MoU with Nimura Genetic Solutions.  |

## L. Progress toward Gender Equality

|  |   |
|--|---|
| Has a gender or social assessment been carried out this reporting period?  | No  |
| If a gender or social assessment has been carried out what where the findings?   | The project has not carried out gender analysis this reporting period but this will be done in 2017 when substantive portions of the project activities would have been implemented.  |
| Does this project specifically target woman or girls as direct beneficiaries?  | Yes   |
| Please specify results achieved this reporting period that focus on increasing gender equality and improving the empowerment of women. | The project encouraged the formation of Women group for the Pilot ABS schemes and have successfully formed a women focused group at Lokchina consisting of 39 members with its secretary being a woman. Further, the Namther Throgmen Tshogpa is another group under the project with 20 members and Chaired by a woman. Women are on the executive committee and take decisions on the governance of the group which is ultimately expected to lead to a community-private-government tri-partite ABS agreement and will improve livelihood opportunities for women in the community through utilization of biological resources and accruing benefits through ABS models. |



## M. Annex 1 - Ratings Definitions

### Development Objective Progress Ratings Definitions

*Highly Satisfactory (HS):* Project is expected to achieve or exceed all its major global environmental objectives, and yield substantial global environmental benefits, without major shortcomings. The project can be presented as 'good practice'.

*Satisfactory (S):* Project is expected to achieve most of its major global environmental objectives, and yield satisfactory global environmental benefits, with only minor shortcomings.

*Moderately Satisfactory (MS):* Project is expected to achieve most of its major relevant objectives but with either significant shortcomings or modest overall relevance. Project is expected not to achieve some of its major global environmental objectives or yield some of the expected global environment benefits.

*Moderately Unsatisfactory (MU):* Project is expected to achieve of its major global environmental objectives with major shortcomings or is expected to achieve only some of its major global environmental objectives.

*Unsatisfactory (U):* Project is expected not to achieve most of its major global environment objectives or to yield any satisfactory global environmental benefits.

*Highly Unsatisfactory (HU):* The project has failed to achieve, and is not expected to achieve, any of its major global environment objectives with no worthwhile benefits.

### Implementation Progress Ratings Definitions

*Highly Satisfactory (HS):* Implementation of all components is in substantial compliance with the original/formally revised implementation plan for the project. The project can be presented as 'good practice'.

*Satisfactory (S):* Implementation of most components is in substantial compliance with the original/formally revised plan except for only few that are subject to remedial action.

*Moderately Satisfactory (MS):* Implementation of some components is in substantial compliance with the original/formally revised plan with some components requiring remedial action.

*Moderately Unsatisfactory (MU):* Implementation of some components is not in substantial compliance with the original/formally revised plan with most components requiring remedial action.

*Unsatisfactory (U):* Implementation of most components is not in substantial compliance with the original/formally revised plan.

*Highly Unsatisfactory (HU):* Implementation of none of the components is in substantial compliance with the original/formally revised plan.