

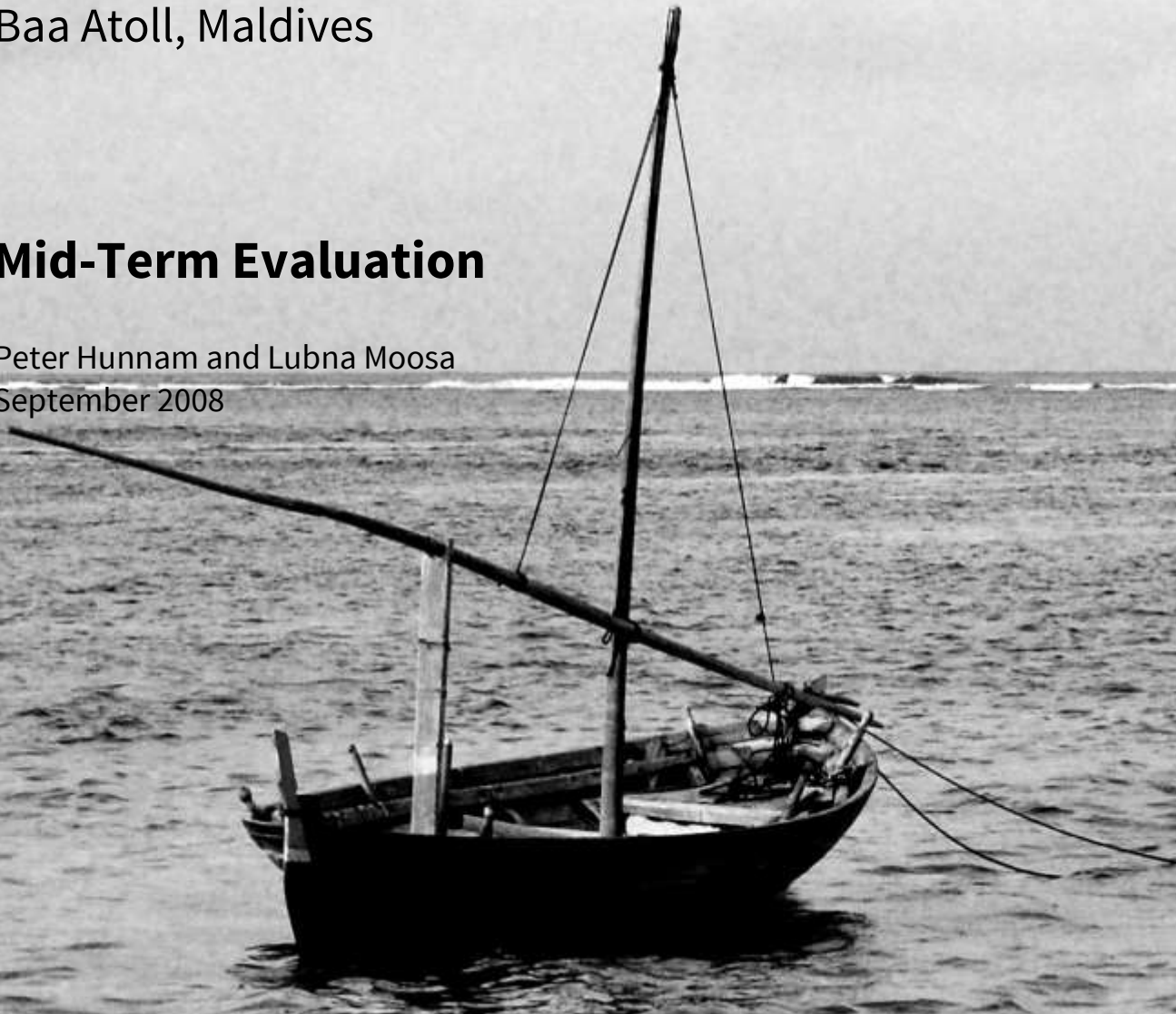
Atoll Ecosystem Conservation Project

Baa Atoll, Maldives

Mid-Term Evaluation

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Acronyms and abbreviations

ADC	Atoll Development Committee
ADEP	Atoll Development & Environment Plan
ADF	Atoll Development Fund
AEC	Atoll Ecosystem Conservation
AMA	Adaptive Management Advisor
APB	Atoll Partnerships Builder
APR	Annual Project Report
AWG	Atoll Working Group
BACA/P	Baa Atoll Conservation Area/ Program
BFAD	Baitfish Attracting Device
CO	Community organisation/ (UNDP) Country Office
DER	Department of External Resources
EDC	Education Development Centre
GDP	Gross Domestic Product
GEF	Global Environment Facility
GIS	Geographic Information System
GO	Government organisation
GoM	Government of Maldives
IDC	Island Development Committee
IUCN	World Conservation Union
km	kilometre
LDS	Livelihoods development support
LF	Logical Framework
MAA	Ministry of Atoll Affairs (previously)
MoAD	Atolls Development Ministry
MATI	Maldives Association for Tourism Industry
M&E	Monitoring & Evaluation
ME	Ministry of Education
MEEW	Ministry of Environment, Energy & Water
MFA	Ministry of Foreign Affairs
MFAMR	Ministry of Fisheries, Agriculture & Marine Resources
MFT	Ministry of Finance & Treasury
MHUD	Ministry of Housing & Urban Development
MPA	Marine Protected Area
MPND	Ministry of Planning & National Development
MRC	Marine Research Centre
Mrf	Maldives rufiah
MTCA	Ministry of Tourism & Civil Aviation
MTE	Mid-Term Evaluation
NGO	Non-government organisation
NDP	National Development Plan
NPD	National Project Director
NRM	Natural resources management
PA	Protected Area
PD	Project Document
PDF	Project Development Facility
PIR	Project Implementation review
PMU	Project Management Unit

PSC	Project Steering Committee
PWG	Project working Group
R&D	Research & development
SWM	Solid Waste Management
TMP	Tourism Master Plan
TPR	Tri-Partite Review
UNDP	United Nations Development Programme
UNV	United Nations Volunteer
VSO	Voluntary Service Overseas
WDC	Women's Development Committee
\$	US dollar

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ATTACHMENTS

Evaluation Summary

The Atoll Ecosystem Conservation Project is a five year initiative of the Government of Maldives (GoM), United Nations Development Program (UNDP) and the Global Environment Facility (GEF), designed to establish an effective conservation system as a pilot on Baa Atoll, one of the 25 major coral atolls that make up the country of Maldives in the central Indian Ocean. The project was designed in 2000-2002 and funding was approved in 2004, but the start was considerably disrupted and delayed by the December 2004 tsunami. The project was launched at an inception workshop in July 2005.

After three years of implementation, in August 2008, the mandatory Mid-Term Evaluation (MTE) was organised as the first formal independent review of the AEC project. A team of two evaluators analysed all aspects of the project's design and performance to date, interviewed a number of the wide range of stakeholders, reviewed background documents and the project's plans, records and written products, and visited a number of reef and island sites, including six of the inhabited island communities and two of the major resorts, on Baa Atoll.

The Mid-Term Evaluation report presents the findings of the review, including assessment of the performance of the project against what was planned, and identification of problems with the design or that have arisen during implementation. The MTE report also makes recommendations for adjustments to the project's management and plans for the remainder of the project duration, and suggests a number of lessons that may be drawn from the AEC project initiative to date.

Evaluation Findings

AEC Project Concept: The concept behind the AEC project is highly relevant to the Maldives' unique geography and ecology, socio-economic development and patterns of resource use. In this setting, where all life and development initiatives are closely dependent upon maintaining the atoll ecosystem in a healthy natural state, biodiversity conservation has to be part of every decision. While the ultimate goal is to safeguard the country's biodiversity, the immediate purpose of the AEC project is to devise and introduce a system of natural resource use, development planning and management that integrates conservation in this way, by ensuring that resource uses are ecologically sustainable and socially beneficial and that biodiversity is adequately protected alongside development activities.

Baa Atoll Pilot: Baa Atoll is a suitable focus for the pilot project as it exemplifies the range of conservation issues that are prevalent in Maldives. These may be grouped into three inter-linked sets, concerned with managing tourism developments and tourism activities; all fishing and marine resource harvesting activities, including coral and sand collecting; and all aspects of living and community development on small sand islands on the atoll. There is a resident population on Baa of approximately 12,000 people in settlements on 13 of the islands, plus a population of up to approximately 4,000 tourists and staff on 6 major resort islands and an unknown number of tourist safari boats.

The integrated approach to development planning, resource use management and biodiversity conservation that is proposed under the AEC project is a significant change for Maldives, where policy and practice tend to be sectoral and top-down, governed by strong line Ministries concerned primarily with their sector's development (Tourism, Fisheries, Housing & Urban Development, Planning & National Development, Atoll Development), and where environmental management and conservation have come to be treated as an additional, separate and relatively minor "sector". A major challenge for the AEC project is to engage each of the line agencies in the

Baa pilot initiative and assist them to become part of a different system, based on cross-sectoral collaboration plus participation of local stakeholders. All are to be partners in ensuring that resource use and development activities are fully compatible with long-term maintenance of the biodiversity. The project is to promote an ecosystem approach, meaning that the ecological processes that link and sustain the components of the ecosystem – the reefs, islands and surrounding sea, their biodiversity and the human population – are to be safeguarded, primarily by limiting the nature and extent of human activities using the natural resources of the atoll ecosystem.

The complexity of the proposed “ecosystem approach” and the requirement for the major government agencies to change their policies and practices pose fundamental problems for the AEC project. The MTE perceives a significant need for the concept and the purpose of the project to be more strongly promoted, explained and championed, both nationally and locally, especially by the Project manager, National project director and the project team, but also by the leaders in each of the key Ministries – MEEW, MPND, ADM, FAMR and MTA – and by UNDP Maldives and private sector partners in the tourism and fishing industries. These key agencies have to show that they will commit themselves to a collective effort to bring about the changes that are proposed through the AEC project. Each has to proactively enable the project to work with them to progressively devise, test and bring into operation the new system.

As part of this process of strengthening the AEC project’s profile and political positioning, the MTE recommends clearer definition and communication of **the vision** for atoll ecosystem-based conservation, and for **the system** or institutional mechanism that the project will help to set up, to govern and manage such a program. A visionary title for the initiative is also recommended, such as “Baa Atoll Marine Park” or “Baa Atoll Biosphere Reserve”, as part of generating understanding, participation, sustainability and replicability of the model.

The Reform Agenda and Local Governance in Maldives: Since the AEC project was designed and mobilised, the Government of Maldives has embarked on a major Reform Agenda, which proposes, *inter alia*, decentralisation of governance through the introduction of elected Councils and administrations at Atoll and individual island levels. The Reform clearly has important implications for the future organisation and direction of the AEC project. It is exciting to note that the two initiatives share the same aims: development of the AEC vision and proposed institutional arrangements should both anticipate and inform the local government devolution process being introduced in 2008 and 2009. The reforms provide a significant opportunity for the AEC project to influence the detailed arrangements being introduced for atoll-level and island-level governance, particularly for resource management leading to biodiversity conservation and ecologically sustainable development.

Project Design: The AEC project was formulated in the period 2001 to 2004, with a series of studies commissioned and the results used to prepare the Project Document and Brief, which lay out the complete project plan, budget and agreement between UNDP as the GEF Implementing Agency, and the Government of Maldives.

The project is designed with three major components, concerned with 1) reforming the country’s institutional and policy arrangements for governing and managing marine resources and biodiversity conservation; 2) strengthening biodiversity conservation on Baa Atoll; and 3) strengthening livelihoods development on Baa Atoll. Under each of the three components is a set of 5-6 planned outputs.

The logical framework should form a readily-accessible plan and the principal everyday guide for project implementation and monitoring, but at the time of the MTE this had not yet been achieved

for the AEC project. The MTE found that the original project plan and logical framework were not written sufficiently plainly or rigorously to provide clear strategic guidance to project implementation. As a consequence, project implementation, monitoring and evaluation have been hampered in various ways. The recommendation from the MTE is to confirm without further delay a simple, straightforward logical framework, with special attention to re-thinking the crucial middle-level Output objectives, and the implementation strategy for each. As a follow-up to the MTE mission, a brief workshop between the project management team, UNDP and the evaluators suggested specific revisions to the logical framework objectives and the structure of the sets of outputs under each component outcome.

Project Management Arrangements: The AEC project is executed by the Government of Maldives (GoM), assisted administratively and financially by UNDP, and supported with a grant from the GEF. Institutional arrangements for managing and supervising the project are specified in the Project Document (PD). The following have been put in place satisfactorily: a dedicated project team (PMU) attached to the Ministry of Environment (MEEW), the Deputy Minister (MEEW) as National Project Director, and the Tri-Partite Review, comprising UNDP plus GoM's Department of External Resources (DER at MFA) and MEEW, which has met annually.

As a consequence of the collaborative nature of the ecosystem conservation program that the project aims to develop on Baa Atoll, a wide range of stakeholders is affected by the project. To manage and coordinate their participation, a number of committees and groups were proposed in the PD, including a Project Steering Committee with 15 members from government agencies, the Baa community and associations of tourism (MATI) and fisherfolk; a Project Working Group as a more hands-on, inter-agency forum; and a similar Atoll Working Group, with atoll-level members. The PSC has met at roughly annual intervals, while the PWG and AWG have not been established.

From its interviews and review of TPR, PSC and project records, the MTE draws two conclusions: first, that supervision and administration of the AEC project should be made more focused and efficient by being made the responsibility of only MEEW and the TPR; and second, that development and management of the substantive program should be strengthened by re-focusing and broadening the work of the PSC. The recommended arrangements are to merge and re-form the PSC, PWG and AWG into a single Working Group for the atoll conservation program. The aim will be for the various stakeholders (GOs, COs, NGOs, tourism and fisheries groups) on the program Working Group to collaborate in implementing national- and atoll-level programs of action, supported and facilitated by the AEC project.

Project Implementation Arrangements: To organise and implement the AEC project, the plan was to appoint a small team of full-time staff and supplement them with a large number of short- and long-term consultants. The MTE considers that this was inappropriate and unrealistic, and did not provide a good model for sustainability and replication: it provided for too few core staff; too many consultants with too narrow a range of specialisations; and too directive a role for UNDP. In practice, since 2005, the AEC Project Management Unit has had two professional staff, the National Project Manager and deputy, the Baa Atoll Partnerships Builder; supported by two finance and office staff, plus a boat skipper and crew. A Communications officer was appointed in 2007. Of the proposed 24 consultants, 5 were recruited part-time in 2007, one as an overall advisor on implementation strategy (Adaptive Management), the others in more specialised roles. The MTE found that the small core team of project staff is diligent and competent, but over-stretched and needing significant strengthening. The recommendation is to recruit 2-3 more national staff to the core PMU, retain the AM Advisor, and invest in in-service capacity development: empower and build on what is available, and allow longer time for capacity development. Employ other consultants selectively, for specific capacity building tasks.

The decision for the project to not have a base or presence on Baa was taken apparently soon after inception, on the grounds that it is difficult to recruit national staff to such “outer island” appointments. The MTE recommends that a major effort must be made to base the project on Baa Atoll, and for this pilot effort at decentralisation to be strongly promoted, encouraged and recognised, especially as a significant contribution to the Reform Agenda.

From its strengthened base on Baa, the AEC project needs to establish a local program of conservation actions, and a management mechanism involving national and local parts to sustain this program beyond the life of the project. The project needs staff who can plan and, with counterparts in partner agencies and programs, organise the envisaged long-term local conservation program. The MTE believes that the answer lies in the project core team working closely with and for the key line Ministries, in order to mobilise their resources to support the joint program. The recommendation is for the key line agency partners – MTA, MFAMR, MPND, ADM and MEEW – to jointly devise and agree on the size, shape and nature of the long-term institutional arrangements for ecosystem-based conservation (on Baa as a pilot and possibly, subsequently, on other atolls); and for 2-3 of the Ministries to assign one or more permanent staff members to work directly on the AEC project team, creating immediately a collaborative effort to implement the plan. In this way, the AEC PMU would be able to function effectively, initially as an inter-ministerial task force, and by the end of the project as the permanent institution for managing atoll ecosystem-based conservation.

Project Finances: The AEC project was designed with a budget of \$8.3 million over 5 years, comprising \$2.37 m of GEF funds and \$5.92 m of co-financing. The total funding was allocated unequally between the three major components, with outcome 2 funded mainly by GEF and outcome 3 funded almost entirely by co-financing, making it clear that the project as a whole is feasible and viable only with both sets of funds.

It is apparent however that the co-financing budget has not been actively managed by any party, and that little co-financing has been mobilised. The PMU has used the good practice of recording “in-kind” inputs of government officers to “project activities”, and this record indicates a total of just \$639,000 expenditure over the three years to date, amounting to 13% of the co-financing budget after 60% of the project life. It is recommended that following the MTE, the co-financing budget should be discussed and re-confirmed at the highest levels, and an improved mechanism put in place for making the committed co-financing available to fund project and program activities, coordinated by the PMU.

The system used by the PMU and UNDP to plan, manage and monitor the project budget and expenditure is apparently limited to the outcome level, which does not provide sufficient detail for project management purposes. Without information on expenditure under each output, it is not possible to evaluate the effectiveness of the project’s financial management. A priority recommendation from the MTE is to re-plan the budget for the remaining GEF funds and co-financing in an integrated manner, and with thorough attention to the strategies to be followed in implementing the substantive components and achieving each of the planned outputs.

The MTE was advised that the GEF budget had been increased by \$350,000, to \$2.72 million, but concludes that this was not correct, rather that \$350,000 of co-financing had been “transferred”, inappropriately to the GEF budget table. The original budget made no separate provision for core project capital or operating costs. The PMU and UNDP adopted good practice and created a “fourth component” budget with \$0.66 m drawn from the three substantive components. A concern for the MTE is that these and other budget changes appear to have been done in an *ad hoc* manner rather than in line with adjustments to the substantive project plan, and without formal discussion or endorsement.

Based on the data made available to the MTE, expenditure from the “revised” GEF budget totalled \$791,000 (29%) between 2004 and mid-2008, averaging 8% per year. Expenditure on outcome 1 over this period was \$61,000 (9% of the reduced budget); on outcome 2 was \$111,000 (10% of the reduced budget); on outcome 3 was \$207,000 (37% of the increased budget); and on the new “component” of project management was \$412,000 (62% of the budget). The lack of data by output makes it difficult to evaluate this expenditure, other than to note that expenditure on substantive actions has been significantly low to date. The MTE concludes that the project needs to work out improved strategies for achieving its substantive objectives and to implement them more effectively.

Project Progress and Achievements: the MTE notes that information on the project’s substantive achievements is not readily accessible and the project’s profile is considered to be too low by many of the respondents. There have been recent enhancements through the work of the communications officer, including an active web-site, but there is room for further improvement in the organisation of information and in the formulation of clear messages about the AEC concept and the project’s purpose and objectives. The repeated suggestion from the MTE is to strengthen and clarify the focus on the crucial middle-level objectives that are sought: keep the target audiences up-to-date with progress towards the relatively small number of these key planned outputs.

Overall Progress and Duration: It took several years for the AEC project to be designed and for funding to be approved, after which inception and implementation were significantly disrupted and delayed by the 2004 tsunami and its aftermath. Even following “re-launch” and formal inception of the project in July 2005, progress with implementation has been slow. The impression gained by the MTE is that the lack of a shared vision for ecosystem-based conservation and an agreed strategy for achieving it through appropriate multi-sectoral institutional arrangements has become a critical obstacle to success for the AEC project. In addition, the project has had insufficient core management capacity on staff and an inappropriate human resources plan relying too heavily on consultancies.

The planned duration and completion date for the AEC project should be reconsidered following the MTE, based on re-confirmation of the AEC project purpose and strategy, revision of the outputs plan and logical framework, and preparation of a fresh outputs budget that takes into account the remaining GEF funds and the re-committed co-financing. The provisional suggestion of the MTE is to aim for a new completion date of December 2011, rather than 2010 as currently planned.

Substantive Outcomes: The MTE reviews what was planned and what has been achieved under each of the project’s three substantive components. Planned outcome 1 is to “mainstream biodiversity” into sectoral institutions and policies. The PMU has recorded some notable achievements in this area at the national policy level, including getting specific references to biodiversity and protected areas inserted in the new National Development Plan (2006 to 2011) and the Maldives’ third Tourism Master Plan, currently in draft form. More significantly, the project has assisted the Ministries of Planning & National Development and Housing & Urban Development to strengthen the techniques for island land-use mapping and planning, with training and demonstration on Baa, leading to creation of maps and plans for each of the 13 inhabited islands.

The MTE recommends preparing and communicating a clear strategy for component 1, in order to work systematically on the policies and plans that govern the key “sectors” of tourism, fisheries and island communities, livelihoods and infrastructure, to re-orient them more strongly towards ecosystem conservation. The development and strengthening of these policies and plans will be done by the main sectoral agencies and stakeholders themselves, working closely with the AEC project and under the influence of the project’s pilot work on Baa. The MTE notes that the Reform

Agenda being implemented nationally in Maldives enhances the significance of the project's institutional and policy development work (outcome 1). The AEC project is in an ideal position to devise, pilot and demonstrate strengthened local governance of fisheries, tourism and island resources on Baa Atoll.

Outcome 2, to pilot an innovative biodiversity conservation system on Baa Atoll, forms the central component of the AEC project. To date the main actions have been to support preparation of Island Development Plans and an Atoll Development Plan through a participatory and capacity building process; to strengthen MEEW's management of two Protected Areas through community consultation and site management planning; and to conduct preliminary planning towards a conservation financing mechanism. The project has also commissioned an atoll-wide survey of coral reefs and fish communities, intended to identify "priority sites for biodiversity management"; and a comprehensive socio-economic analysis of Baa Atoll.

The MTE's general conclusion is that the project has done good work under component 2 which needs to be focused and driven more rigorously in order to achieve the project's purpose. The strong recommendation is for the AEC project to follow a much more pragmatic and direct strategy for introducing ecosystem-based conservation on Baa Atoll, by focusing on specific conservation issues and implementing actions to manage these issues. This approach would get away from the notion of "managing biodiversity" and would instead be managing resource use activities (all aspects of tourism, fishing, island development, land-use, infrastructure and transport that affect the atoll ecosystem). It would treat the entire atoll as an area in which all biodiversity is to be conserved, in the sense of being used wisely and sustainably for multiple compatible purposes. The conservation plan for Baa Atoll would comprise a framework of resource use activities that cause biodiversity conservation issues, and a management plan for each, consisting of specific controls and limits placed on the activity. The overall conservation plan could be organised as a series of action programs, concerned with tackling fisheries-related, tourism-related and island development-related issues. The strategy recommended is for the project to establish institutional arrangements (with national and local agencies, using the proposed Working Group) to develop and coordinate a program of strategic conservation actions to tackle these issues.

Conservation financing mechanism: the AEC project plan included a proposal to set up and secure capital investment in a long-term funding mechanism to be used to pay for biodiversity conservation measures on Baa Atoll. The concept was a "revolving fund to channel revenue from ecosystem-dependent economic activities like tourism back into conservation". The MTE recommends not proceeding with creating a separate, special fund, but taking the more direct approach outlined in the previous section, by including the question of financing in the planning and implementation of specific actions to address the priority conservation issues identified: for each planned conservation action, determine what information, technical or financial resources will be required, and if special funding is necessary, build a specific mechanism into the plan.

The third substantive component of the project aims to enable local people on Baa Atoll to engage in a wider range of livelihoods and economic development, with an emphasis on sustainable, alternative options that would relieve pressure on the atoll ecosystem and biodiversity. A number of actions have been organised, including support for preparing island land-use plans, Island Development Plans and the draft Baa Atoll Development Plan; construction of solid waste collection facilities on some islands and a ferry terminal on Baa's capital island of Eydhafushi; and a relatively small amount of support for new livelihoods development, in alternative medicine and pearl oyster mariculture. While outputs 3.1 and 3.2 are focused on supporting sustainable livelihoods and economic development for Baa island communities, the remaining outputs planned under component 3 are concerned with management of environmental impacts and natural resource use activities. The suggestion from the MTE is to move these latter four Outputs

altogether from outcome 3 to outcome 2, alongside the other natural resource management and conservation measures.

Outputs 3.1 and 3.2 were to be funded almost totally from the co-financing budget, with minor contributions from the GEF budget. However, the funds spent on component 3 outputs seem to have been drawn incorrectly from the GEF budget. Nearly 80% of the GEF component 3 budget (\$206,850 out of \$263,000) was reported to have been spent by mid-2008, on activities that were supposed to be funded from co-financing. Important activities that were to have been GEF-funded have not been implemented. In particular, under output 3.1, GEF funds were to add value to the “Atoll Development and Environment Plan” by enabling two inhabited island communities to prepare model “ecosystem management plans” for their islands and surrounding waters and reefs. In practice, the GEF funds have been used to support the basic ADEP planning process that was to have been funded by GoM and UNDP, and no skilled support has been built for developing the more complex ecosystem management plans. The MTE concludes that a sound implementation strategy plus a properly integrated budget should be prepared for outcome 3, with a clear focus on how the project will organise, in collaboration with other agencies, effective institutional arrangements and a long-term program to support development of sustainable livelihoods. A number of suggestions are given in the MTE report for the development and implementation of such a strategy.

Project Monitoring & Evaluation: A “comprehensive monitoring and evaluation program” is described in the Project Brief, and a number of the proposed elements have been operating efficiently, primarily the standard annual review processes organised by UNDP. The MTE comments that the M&E plan could have been clearer, simpler and more straightforward for the project management team to have implemented. The recommendation is for the project to revise its M&E plan to create a simple system that is based on the revised logical framework, and to record progress towards the 1-2 indicators devised for each key output.

Summary of MTE Recommendations

Recommendation 1. AEC vision, institutional mechanism and political profile

Given the challenge of introducing complex changes and the opportunity provided by the Reform Agenda, it is important to increase political and public understanding of what the AEC project is about; its political profile, position and recognition. This will require clearer definition, communication and political championing of **the vision** for atoll ecosystem-based conservation, and for **the system** or institutional mechanism that the project will help to set up, to govern and manage such a program.

Recommendation 2. Logical framework and key planned outputs

The project logical framework should be revised into a tighter, clearer, more straightforward and easy-to-use plan and monitoring framework, focused more strongly on the key Outputs, rather than at the level of Outcomes or of Activities.

Recommendation 3. AEC Project supervision and AEC Program development

3.1 AEC project administration, direction and supervision should be confirmed as the responsibility of the project executing agency, MEEW, and the formal project governing body, the Tri-Partite Review, on which MEEW sits with the Ministry of Foreign Affairs (Department of External Resources) and the UNDP Country Office.

3.2 The Project Steering Committee and the proposed but not established Project Working Group

and Atoll Working Group should be re-formed and merged to serve as the Working Group for Atoll Ecosystem Conservation, on which the various stakeholder groups would work collaboratively on national- and atoll-level programs of action. The AEC Working Group (PSC and PWG) would not have a role in supervision or administration of the AEC project.

Recommendation 4. Project management team

The PMU should be strengthened, with sufficient Malé- and Baa-based staff (perhaps two groups of 3-4 each, supported by the project manager and part-time management advisor), and should undertake a planned program of in-service capacity development, in order to become the AEC institutional mechanism and effectively manage the multi-sectoral program (integrating fisheries, tourism and island community, infrastructure and livelihoods development, with environmental management and biodiversity conservation).

2-3 of the key line Ministries should appoint one or more full-time staff members to the AEC project team, to enable the AEC project to function as an effective inter-agency taskforce. Outside consultants should be limited to the minimum necessary to enable the PMU to develop the necessary capacity and function as the AEC management mechanism.

Recommendation 5. Project financial management

Financial management of the AEC project should be more systematic, rigorous and transparent. The budget for the remaining GEF funds and co-financing needs to be re-planned in an integrated manner and with closer attention to the proposed strategies for implementing each of the substantive components and achieving the planned outputs.

The co-financing budget for the AEC project should be discussed and confirmed at the highest levels (through the TPR). An improved mechanism needs to be put in place for making the committed co-financing available to fund project activities, preferably under the control and coordinating influence of the PMU.

Recommendation 6. Project duration and completion

The planned duration and completion date for the AEC project should be reconsidered following the MTE, based on re-confirmation of the AEC project purpose and strategy, revision of the outputs plan and logical framework, and preparation of a fresh outputs budget that takes into account the remaining GEF funds and the re-committed co-financing.

Recommendation 7. Information, records and communication

The project's records, information monitoring and communication system should be developed further, to form primarily a tool for the project team to ensure and maintain engagement of the major stakeholders in the AEC initiative. The tool should be used to present and communicate clear messages about its purpose and objectives, what it is doing, why, with whom and how, and to what end, with what effect or impacts.

Recommendation 8. Component 1 Policy development strategy

A clear strategy is needed for how the project is to achieve outcome 1, to influence the policies and plans that govern development and management of island resorts and marine **tourism**, all types of atoll- and reef-based **fisheries**, and island **communities, livelihoods** and **infrastructure** in the Maldives, so that they are strongly oriented towards ecosystem conservation.

Recommendation 9. Component 2 Conservation action strategy

The strong recommendation is for the AEC project to follow a much more pragmatic and direct

strategy for introducing ecosystem-based conservation on Baa Atoll, by focusing on specific conservation issues and implementing actions to manage these issues. This approach would get away from the notion of “managing biodiversity” and would instead be managing resource use activities (all aspects of tourism, fishing, island development, land-use, infrastructure and transport that affect the atoll ecosystem). It would treat the entire atoll as an area in which all biodiversity is to be conserved, in the sense of being used wisely and sustainably for multiple compatible purposes.

The MTE recommends that this more direct approach should be extended to include the question of financing specific conservation actions, rather than the AEC project proceeding further with a separate mechanism that would be contrary to the principle of mainstreaming. The recommendation is for the costs of conservation to be integrated with governance and management of each of the “mainstream sectors”: when planning an action to address a specific conservation issue that has been identified as a priority, first determine what information, technical and/ or financial resources will be required. If special funding is necessary, built a specific mechanism into the action plan.

Recommendation 10. Component 3 Livelihoods development support strategy

Outcome 3 should be focused clearly on developing livelihoods that are ecologically sustainable among the Baa Atoll resident population. This will require a sound strategy to be planned for achieving output 3.2 “New livelihoods...”. The strategy recommended by the MTE is for the project to encourage and facilitate establishment of a livelihoods development support program, as a not-for-profit resource centre and advisory/ extension service, possibly attached to the Atoll Office and integrated with other suitable livelihoods and extension programs of government agencies and NGOs.

Recommendation 11. Project monitoring and evaluation

The AEC project needs to reform its M&E system, based on the revised logical framework. The aim should be to create a simple system that records progress towards the 1-2 indicators devised for each key Output.

1. Introduction

The Atoll Ecosystem Conservation Project

1. The Atoll Ecosystem Conservation Project¹ (AECP) is a five-year initiative to support nature conservation and sustainable development in the Republic of Maldives. The purpose is to introduce a pilot system for collaborative management of integrated conservation and sustainable development on Baa Atoll, which would serve as a model for other atoll communities in the Maldives and for other countries.
2. The project was designed in 2001-02 under a Project Development Facility (PDF) grant from the Global Environment Facility (GEF), and is implemented by the Maldives Country Office of the United Nations Development Programme (UNDP) and the Government of Maldives (GoM). The project plan and budget, including \$2.73 m of GEF funding and \$4.65 m of co-financing, were approved in 2004 by the GoM, UNDP and GEF.

¹ The original full title of the project was “Atoll Ecosystem-Based Conservation of Globally Significant Biological Diversity in the Maldives’ Baa Atoll”.

3. The planned duration of the project was from 2004 to 2009. The severe disruption caused by the December 2004 tsunami, and subsequent difficulties in recruiting staff and mobilisation delayed the start of the project. The project team were in place and an inception workshop held in July 2005, but there were staff changes which contributed further to slow progress being made with implementation. In June 2008 the decision was taken by the project's supervising body, the Tri-Partite Review (TPR), to extend the project duration by 21 months, with a new planned completion date of December 2010.
4. An independent evaluation of the AEC project and its performance over the first three years was undertaken in August 2008. The evaluation findings and recommendations for strengthening the remaining period of the project are presented in this report.

Mid-Term Project Evaluation

5. The mid-term evaluation (MTE) of the AEC Project was undertaken by consultants Peter Hunnam and Lubna Moosa in August 2008. A period of 17 days was spent in Malé and on Baa Atoll reviewing project and background documentation, interviewing project staff and a broad range of stakeholders, visiting a number of island and reef sites, analysing the findings, and discussing the conclusions and recommendations from the evaluation with the project management, steering committee members and UNDP environment staff. **Attachments I-IV** to this report contain the terms of reference for the MTE, the itinerary achieved by the evaluation mission, the individuals consulted, and documents reviewed. The purpose of a mid-term project evaluation is to advise on adjustments required to strengthen the direction, delivery and completion of the project. The evaluation identifies problems with the project design, management arrangements and implementation strategy, reviews progress towards the achievement of planned objectives, and recommends specific actions that might be taken to improve project relevance, efficiency, effectiveness and sustainability of impacts, and replication and exit strategies. The review and evaluation also identifies lessons for other conservation projects in Maldives and elsewhere that may be drawn from the project to date.
6. An unusual feature of the AEC project MTE mission was that it provided the opportunity for the evaluation team to spend an additional four days with the project, MEEW and UNDP staff discussing the evaluation findings and working out how the project would use the recommendations to make adjustments to the project plan, management arrangements and work schedule. During this final part of the mission, draft revisions were made to the project logical framework and the budget plan for remaining GEF funds, and these are included in **Attachments VI c** and **VIII** to this report.

Background

7. Maldives is a chain of 25 coral atolls, 860km long and 80 to 120km wide, located on the Laccadives-Chagos submarine ridge, and supporting the largest group of coral reefs in the Indian Ocean. There are over 2,000 distinct reefs covering a total of 4,500km²; the total area of the atolls is over 21,000km²; and the area of Maldives' claimed Exclusive Economic Zone is 870,623 km² (Earthtrends 2003 Country Profile for Maldives Coastal & Marine Ecosystems). The Maldives archipelago consists of approximately 1,190 small sand islands formed from the reefs, with a total land area of just 235km², 80% of which lies less than 1m above mean sea level. Currently 358 islands, covering 176km², are used for human settlement, infrastructure or economic purposes, while 834 islands with a total area of 59km² are in their natural state.
8. The population of Maldives is approximately 300,000, and growing at 1.8% per annum (GoM Census 2006). One-third of the population lives on the capital island, Malé, while two-thirds are

distributed across 198 islands, with settlements of 1000-5000 people on 57 islands, 500-1000 people on 60 islands, and fewer than 500 people on 74 islands. The population on each atoll ranges from 1,600 on Vaavu to 18,000 on Seenu atoll. While the contemporary population in Maldives is culturally homogeneous, the original population came from a varied ethnic mixture of Indo-Aryan, Dravidian, Sinhalese and Arabs.

9. In 2007 the Gross Domestic Product of Maldives economy was USD861 million, approximately USD2,837 per capita. The main economic activity is tourism, contributing directly around 27.5 per cent of GDP and 32.6 percent of Government revenue in 2007. Country-wide, there are 89 resorts in operation, amounting to 17,800 beds. Bed capacity is expected to increase to 33,000 by 2011 under the Third Tourism Master Plan. Tourism provided 22,000 direct jobs during 2006 although only 54 per cent of tourism employees are local. Fisheries are the second main economic activity, providing 5.9 per cent of GDP and the largest export industry. Total commercial fish catch in 2005 was 186,000 metric tons and export revenues exceeded USD100 million. 89 percent of this harvest was of tuna and tuna-related products, amounting to USD97 million of export revenues. The balance (11%) is classed reef fish catch, and contributed USD7million to export revenue in 2005. Fisheries employ over 15,000 fishermen, and support about 20 per cent of the population economically. Agriculture is relatively insignificant economically, contributing 2 per cent to GDP in 2007. The total cultivable land area is about 27km² with 18km² on inhabited islands and 9km² on uninhabited islands. Maldives is largely dependent on imported food produce.
10. Baa Atoll, on the north west of the Maldives' double chain of coral atolls, was selected as the pilot site for the AEC Project on the basis of eight criteria: globally significant biodiversity; national significance; local commitment; local capacity; potential to address threats to biodiversity; potential for demonstrating sustainable uses; potential for co-funding; and logistical practicality. Baa Atoll is approximately 40km across with a total area of approximately 1,130 km². Refer to map **Attachment V**) On the atoll there are 105 reefs with a total area of 263km², and 75 islands with a total land area of 5.5km². 13 islands on Baa are inhabited, with a total population of approximately 12,000. 55 uninhabited islands are leased by the Government to individuals or communities for activities such as coconut and timber harvesting and small-scale agriculture. Over the past decade, there has been a major shift in the Baa economy and employment from tuna fishing into tourism, primarily island resort-based but including increasing numbers of safari boat operations plus tourism-associated activities such as reef fishing (fin fish, lobster) to supply resorts. Six islands have been transformed into large, sophisticated tourist resorts, with the first, Sonevafushi, established in 1983. Approximately 29,000 tourists visited Baa Atoll in 2001, contributing an estimated \$3 million to government revenue through leases and taxes. The total number of beds at the six Baa resorts was 1,240 in 2006, comprising 7 per cent of the total in Maldives. In 2007 a further three islands on Baa atoll were allocated for new resorts.

2. Project Concept and Design

The AEC Project Concept

11. The concept behind the AEC project is that the effective conservation of biodiversity in Maldives requires a novel approach that is appropriate to the country's unique geography and ecology, socio-economic development and patterns of resource use. The concept recognises that all life and development in Maldives are closely dependent upon maintaining the atoll ecosystem in a healthy natural state. The major components of the ecosystem – the reefs, islands and surrounding sea, their biodiversity and the human population – are inextricably linked to one another, so that changes that occur in one component, through natural processes or human activities, alter the state of each other component.
12. In this ecological setting, the AEC project is to pilot and test the effectiveness of a system of natural resource use planning and management that builds ecological conservation into each decision, with the aim of ensuring that resource uses are ecologically sustainable and socially beneficial and that biodiversity is adequately protected. The concept is for a conservation system based on collaboration between stakeholders that both integrates decision-making across conventional resource sectors, and provides for local people and communities on the atoll and islands to participate in decision making and share responsibility for resource uses and conservation. This is a marked change from what has been standard practice in the Maldives, where resources are owned by the State and resource uses have been governed along relatively narrow sectoral lines, with the development of tourism, fisheries and island settlements – infrastructure, transport, energy and water – each managed relatively separately and from the centre.
13. The focus of the AEC project as a pilot is Baa Atoll, with the idea of devising and demonstrating an effective integrated conservation and resource management system in operation on Baa, which would serve as a model for other atolls and the country as a whole.

Notes on the Ecosystem Approach to Conservation

(Project Brief p.79)

[The AEC] project seeks to apply an ecosystem-oriented approach to biodiversity conservation and sustainable development. But, what exactly is an ecosystem approach? To apply an ecosystem approach means to apply a broader, more integrated perspective on conservation and resource management. This perspective considers biological diversity not simply as numbers of species, but communities of species that interact with each other and with the physical setting that they live in. It is the complex, local interaction of the physical environment and the biological community that makes an ecosystem.

[The AEC] project defines an “ecosystem” as an atoll environment, replete with its primary parts: coral reefs, lagoons, and islands. Atolls traditionally define the political and jurisdictional regional boundaries within the Maldives. This concordance of political and ecological boundaries ensures that an ecosystem approach will have a solid practical and

Concept relevance, significance and outstanding challenges

14. The underlying rationale for the AEC project is that current, conventional approaches are not proving effective in conserving the country's natural environment and biodiversity, and that some form of ecosystem-based conservation is essential for the future survival and sustainable development of the Maldives' society and economy, as well as for maintenance of the biological diversity. The MTE concludes that this concept of integrated resource management, conservation and development across the atoll ecosystem is highly relevant for the Maldives. In the majority of discussions during the mission, there was widespread recognition of the need to plan and manage the country's natural resources in a more integrated and conservation-oriented manner. There have been previous attempts to introduce similar changes – for example the introduction of integrated marine resource management under the Bay of Bengal program – but for one reason or another these have not been sustained or replicated country-wide. These past pilots need to be examined further as a source of lessons for the current project.
15. The significance of the AEC project has potentially been greatly enhanced by the Reform Agenda launched by the President of the Maldives in 2006 and being introduced currently. The reforms place great emphasis on the decentralisation of governance, with the introduction of elected Councils and administrations at Atoll and individual island levels. It is not yet determined how these local institutions will function, nor for example what powers and mechanisms they will use to manage and conserve natural resources and promote and regulate sustainable development. While the Reform Agenda was not envisaged during the AEC project design, it clearly has important implications for the future organisation and direction of the project. The MTE concludes that the reforms provide a significant opportunity for the AEC project to influence the detailed arrangements being introduced for atoll-level and island-level governance, by devising, testing and demonstrating on Baa Atoll an appropriate, effective and efficient system for atoll- and island-level resource management leading to biodiversity conservation and ecologically sustainable development. Among the newly elected Atoll Councils – scheduled to be in place by mid-2009 – Baa Atoll Council could be the first with an ecosystem conservation system designed, established and ready to be made operational.
16. The main challenge facing the AEC project appears to be that it involves introducing complex changes to the current system. It is not “just another environment project” being used by the Ministry of Environment (MEEW) to establish better management of its protected areas; rather

the AEC project is a facility to help all of the main line Ministries to work together effectively on inter-agency programs related to natural resources, the environment and conservation. The stated purpose of the AEC project is to facilitate changes: *“By the end of the project, stakeholders will have changed their accustomed practice(s) in the following three most important ways. First, they will be mainstreaming biodiversity objectives into sectoral decision-making.... Second, they will be forming and maintaining alliances among diverse groups of stakeholders.... and creating a novel institutional space to secure long-term sustainability for conservation. Third, they will be reducing pressure on biodiversity resources by.... (pursuing) alternative livelihood options....”* (Project Brief p.95). However, the impression gained by the MTE is that the major institutions that comprise the current system need to be further convinced and, in turn, to show that they are clear on their roles and responsibilities, and committed to bring about the changes that are developed through the AEC project; in particular, the key line agencies have to enable the project to work with them to progressively devise, test and bring into operation a new system. For its part in this situation, the AEC project has to be proactive and provide strong intellectual leadership to drive the change process. It has to promote and facilitate the systemic changes clearly, skilfully and dynamically.

Project Design

17. The AEC project was formulated in the period 2001 to 2004 using Project Development Facility grants, PDF ‘A’ and ‘B’ from the GEF. A series of studies was commissioned from external consultants and the results were discussed with national stakeholders and used to prepare the Project Brief that was approved subsequently by the GEF, and the Project Document, which lays out the project plan, budget and agreement between the United Nations Development Programme, as the GEF Implementing Agency, and the Government of Maldives.
18. The AEC Project is designed with three major components, to be implemented over a period of five years, with a budget comprising \$2.37 million from the GEF and \$5.92 million in co-financing from the Government and UNDP Maldives. The first component is concerned with the country’s institutional and policy arrangements for governing and managing marine resources and biodiversity conservation. The second and third components are concerned respectively with strengthening biodiversity conservation and livelihoods development on Baa Atoll. **Table 1²** provides a summary of the hierarchy of project objectives, including a set of 5-6 planned outputs under each of the three components. The output objectives in table 1 were drawn from the logical framework developed in 2007 (refer to **attachment VI a.**); none were included in the original logical framework.

Table 1: AEC Project Objectives

Goal	The conservation of globally significant biological diversity in Baa Atoll
Project Purpose	Public and private stakeholders are conserving biological diversity by mainstreaming biodiversity into productive sector activities; applying new alliances to conservation at the local level, and pursuing sustainable livelihoods, thereby reducing pressure on reef resources
Outcome 1:	Biodiversity is Mainstreamed into Sectoral Institutions and Policies
OUTPUT 1.1	Value of Atoll ecosystem conservation in sustaining the national economy and livelihoods of coastal communities demonstrated and quantified
OUTPUT 1.2	Communication of the value of Atoll Ecosystem Conservation
OUTPUT 1.3	Managers and technical staff from key sectoral agencies trained to integrate

² The wording of the hierarchy of objectives in **table 1** is taken from the revised logical framework drafted in 2007. **Attachment VI b.** compares the 2006, 2007 and suggested 2008 objectives for the AEC project

	Atoll ecosystem conservation into productive sector programmes
OUTPUT 1.4	Support individual sectors and inter-sectoral processes and fora to enhance the integration of Atoll ecosystem conservation objectives into sectoral policies and programmes
OUTPUT 1.5	Strengthen the constituency for biodiversity conservation
OUTPUT 1.6	Project demonstration activities and lessons learned are disseminated nationally (and internationally).
Outcome 2:	Model, Innovative Practices Conserve Biodiversity in Baa Atoll
OUTPUT 2.1	Comprehensive baseline of information on biodiversity and ecosystem health of Baa Atoll, and ecosystem condition being updated periodically
OUTPUT 2.2	Baa Atoll biodiversity conservation plan
OUTPUT 2.3	Marine/coastal protected or specially managed areas established and functioning in Baa Atoll
OUTPUT 2.4	A long-term biodiversity conservation fund for Baa Atoll
Outcome 3:	Stakeholders Pilot Sustainable Natural Resource Management & Livelihood Development Practices in Baa Atoll
OUTPUT 3.1	Island and Atoll Development Plans for Baa Atoll.
OUTPUT 3.2	New livelihoods available to local communities by upgrading their skills, and piloting alternative livelihoods based on Atoll ecosystem conservation and sustainable use of natural resources
OUTPUT 3.3	A more sustainable tuna fishery: pilot model bait fish aggregation devices in Baa Atoll
OUTPUT 3.4	Pilot community-based integrated reef resource management
OUTPUT 3.5	Solid waste management (SWM) solutions
OUTPUT 3.6	Demonstrate low-impact shoreline development practices in Baa Atoll.

from revised logical framework (2007)

19. From reviewing the Project Document and Brief and the subsequent implementation process, it is apparent that the original project plan and logical framework were not written sufficiently plainly or rigorously to provide clear strategic guidance to the project implementation team or steering committee. The two-part Document and Brief, over 144 pages and 50,000 words in length, are not straightforward to understand and are not summarised usefully in the logical framework, the original version of which specifies objectives only down to outcome level (refer to Project Brief Annex B). An exercise to amend the logical framework was conducted in March 2006 using an external consultant, and further changes were made by the project team, MEEW and UNDP in 2007.
20. At the time of the MTE, the project team was still wrestling with the logical framework rather than finding it useful as a readily-accessible plan and principal everyday guide for project implementation and monitoring. The recommendation from the MTE is to complete the process of crafting a simple, straightforward logical framework, and at the same time to re-think and confirm the project's crucial middle-level objectives (planned Outputs) and its implementation strategy. **Table 2** is a summary of the changes to the logical framework recommended by the MTE. In addition, specific suggestions for new wording were made in the project team's post-MTE workshop. The revisions made to the project's main objectives in 2006, 2007 and suggested at the post-MTE workshop in August 2008 are shown alongside one another in **attachment VI b**.

Table 2: Summary of recommended changes to the logical framework

-
- (a) **Goal** – the MTE considers that it would be more useful to state the goal as “Conservation (or Long-term maintenance) of the biological diversity of the Maldives”, recognising that the project as a whole will contribute to conservation of all biological diversity; and that the pilot work on Baa is intended to provide a model for other atolls and the country as a whole, and that component 1 is working at the national level.
 - (b) **Project purpose** – the overall objective or purpose of the project is poorly-stated in the logical framework, as simply a combination of the three outcome objectives. It is important for a singular Purpose to convey clearly what the whole project is about; it should focus project management towards this high level objective, such as “to establish and mainstream a management system for integrated ecosystem-based conservation and sustainable development on Baa Atoll.” In other words, the essential logic of the project intervention needs to be made clear: if the three component Outcome objectives are achieved, then the overall purpose of the project will be achieved, and the project will make a significant contribution to the goal.
 - (c) **Outcomes and Outputs** – the current (16) Outputs do not provide a clear picture of the implementation strategy to be followed for the 3 Outcomes, but tend instead to repeat and overlap with one another, with some describing ends to be achieved while others describe means to be used. For the AEC project, a more straightforward set of outputs needs to be planned, for Outcomes 2 and 3, focused on establishing a broad conservation program and livelihoods development program on Baa Atoll, and linked to Outcome 1, changing the institutional, legal and policy framework in response to and in support of the Baa pilot.
 - (d) **Indicators** – the 9 Purpose Indicators and 41 (14+17+10) Outcome Indicators in the original LF are not necessary or useful; the majority are merely indicators that subsidiary Activities are being carried out; they are simply repeated at the higher level. The AEC project log frame revision should include 1-2 indicators to show that each middle-level (Output) and high-level (Outcome + Purpose) objective has been achieved successfully.
 - (e) **Baseline** – similarly, the baseline data should refer to the pre-project state of each middle-level (Output) and high-level (Outcome + Purpose) objective, rather than, at present, of each Activity indicator.
-

21. One general concern of the MTE is that the AEC concept and project do not seem to be strongly owned, communicated or championed within the Maldives. The design process, involving substantial studies by external consultants, has resulted in a detailed and prescriptive plan for the project, but one which is complicated rather than straightforward and clearly understandable. Although the PDF phase included extensive consultations in Malé and on Baa Atoll, a number of MTE respondents professed to having lost track of or interest in what the AEC project was trying to achieve, and suggested that clearer direction and leadership were required. None of the project team was involved in the design phase. There were also considerable delays between formulation (2000-2002), approval (2002-2004) and eventual inception (2005) of the project, as a result of normal process but also of the exceptional event of the December 2004 tsunami and the major upheaval this caused throughout the country. The MTE notes also the high turnover of personnel in Government agencies as well as the Island and Atoll Development Committees, which accounts partially for the low awareness of and engagement in the AEC project. Perhaps because of the design complexity and lack of clarity, the AEC project in 2008 does not appear to be presented or thought of by many of the key stakeholders as an initiative to devise a new, integrated approach to marine resource management and biodiversity conservation, and to pilot and demonstrate such a system on Baa Atoll as a possible model for the country. Most respondents, in both Malé and Baa, did not seem to have a clear idea of “ecosystem-based conservation” or what a new model conservation system might entail, and instead thought that the project was intended to set up or strengthen a couple of protected areas.

Recommendation 1.

- Given the challenge of introducing complex changes and the opportunity provided by the Reform Agenda, it is important to increase political and public understanding of what the AEC project is about; its political profile, position and recognition. This will require clearer definition, communication and political championing of **the vision** for atoll ecosystem-based conservation, and for **the system** or institutional mechanism that the project will help to set up, to operate such a program.
- As a key first step, the project team should define the vision and specify the institutional mechanism for collaborative program management to be piloted on Baa. This should be done in close consultation with each of the key agencies that sit on the Project Steering Committee, which would also serve as a means to engage them fully in the AEC initiative. The vision and planned mechanism should anticipate and inform the local government reforms being introduced currently.
- In order to get the message across, engage all relevant stakeholders and attract political champions, the vision should be visionary – clear, far-sighted, innovative – while also being appropriate and realistic for a new conservation strategy for Maldives. It would be very helpful to promote a visionary title for the initiative, such as “Baa Atoll Marine Park” or “Baa Atoll Biosphere Reserve”, which people would understand, feel able to be part of, and therefore sustain and replicate.³
- The project management (PMU) and PSC should facilitate a high-level confirmation of the plan for establishing the AEC program and pilot mechanism over the remaining years of the AEC project. This could be in the form of a President’s Office presentation on the vision, title and proposed system, once they are formed.

Recommendation 2

- It would be very useful to revise the project logical framework (LF) into a tighter, clearer, more straightforward and easy-to-use plan and monitoring framework. This should be done in-house by the project team and key members of the WG/ PSC (see below), as an exercise in developing capacity. The LF should be focused more strongly on the key Outputs, rather than at the level of Outcomes or of Activities. The strategies (+LF indicators + targets + baseline) for implementing each component and achieving each Output should be planned carefully and communicated clearly.
- A summary of recommended changes to the AEC project design and logical framework is given in **table 2** (refer to **table 1** for current wording):

3. Project Management Arrangements

Institutional arrangements

22. The AEC project is a full-sized GEF project with UNDP as the GEF Implementing Agency and the Government of Maldives responsible for execution. The 2004 Project Document of GoM and UNDP specifies the detailed management arrangements for the project as outlined in **table 3**.

Table 3: Proposed Arrangements for AEC Project Supervision and Management

Institution	Responsibilities (Project Document 2004)
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³ It is interesting to note that the forum created by the Baa resorts has adopted a useful title for their initiative, the “Baa Atoll Conservation Program”. This creates a slight difficulty for the AEC project, because the essential purpose of the project is to establish exactly that, a Baa Atoll conservation program, and the institutional mechanism to develop and coordinate it.

a. Government of Maldives	<ul style="list-style-type: none"> • Project execution by MEEW⁴ in partnership with the MFAMR, MoT, MoAD⁵ and MPND.
b. UNDP Country Office	<ul style="list-style-type: none"> • Project implementation support, budget management, recruitment of staff and consultants, equipment procurement • Monitoring of project implementation and achievements.
c. Project Steering Committee	<ul style="list-style-type: none"> • Comprising MEEW (Chair), MTCA, MFAMR, MoAD, DER, Baa Atoll Chief, UNDP, MPND, MFT, ME, MATI/ one Baa resort owner, Atoll Development Committee member, representatives of a Baa fisherfolk association and Baa NGO • Overall strategic policy and implementation guidance and support • Oversee project implementation, progress, achievements • Approval of major changes in project plans or programs • Forum for stakeholder input and discussion; resolution of conflicts or disagreements • Integration of project-inspired activities into existing programs and practices.
d. National Project Director	<ul style="list-style-type: none"> • Minister of MEEW • Oversees proper implementation of the project
e. Project Working Group	<ul style="list-style-type: none"> • Representatives of the PSC institutions • Chaired by Project Manager • Catalyze cross-agency coordination and collaboration • Plan and organize specific AEC project activities in Malé and in the atolls • Integration of project-inspired activities into existing programs and practices.
f. Project Management Unit	<ul style="list-style-type: none"> • Staff to be Project Manager, Atoll Partnerships Builder, administration and accounts (2), boat captain and crew (2) • Two modest offices – Malé and Baa – each with an office manager • Technical international volunteer positions (3) and local counterparts.
g. Atoll Working Group; atoll-level institutions – ADC, IDC, WDC, NGOs	<ul style="list-style-type: none"> • Discussion of conservation issues; facilitation and implementation of project-inspired activities. • Approval of the project’s work program on Baa Atoll

23. The MTE notes that most of these institutional arrangements for AEC project governance, supervision, administration, coordination and management have been put in place more-or-less as planned, but that a Project Working Group (e.) and Atoll Working Group (g.) have not been established. The MTE’s interviews with the project staff and each of the line Ministries involved, and review of the records of the PSC and TPR suggest that the institutional arrangements should be made more focused, relevant and efficient. The concern is that the arrangements have become excessively complicated and duplicated, but in particular that the bodies established seem to focus primarily on supervising the administration and operation of the relatively small AEC project, and have not developed a role to address substantive matters relevant to introducing an innovative AEC program.

24. One commonly-expressed issue in the Maldives is the shortage of people with technical and managerial capacities and the excessive burden this places on senior officials in government departments. The MTE concludes that it is not efficient or effective for senior representatives

⁴ MEEW, the Ministry of Environment Energy & Water, was formerly MHAHE, Ministry of Home Affairs, Housing and the Environment.

⁵ MoAD, the Ministry of Atolls Development, was formerly MAA, Ministry of Atolls Administration.

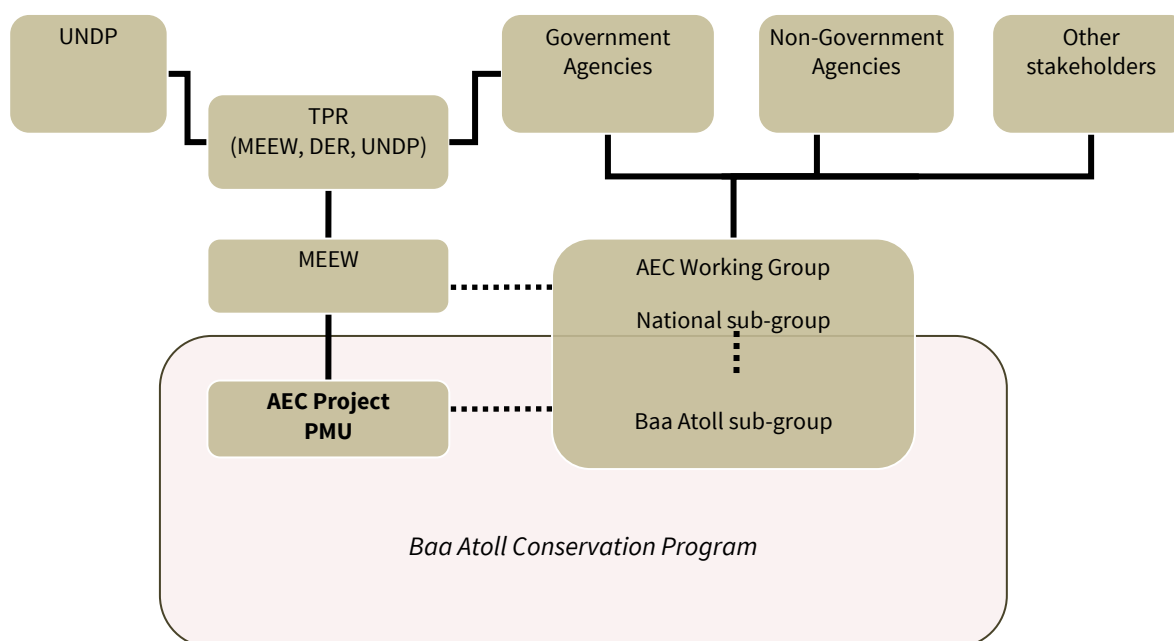
from eight government departments plus private companies, local communities and user groups to meet together as the Project Steering Committee and deliberate on the AEC project's work plan, progress reports, performance and expenditure. It was also not realistic to plan for "the PSC (to) meet semi-annually to review project progress, and the PWG (to) meet monthly to discuss project progress." (Project Brief p.112)

25. It is recommended that the function of directing and supervising project administration should be left to the project executing agency, MEEW, and the formal project governing body, the Tri-Partite Review (TPR), on which MEEW sits with the Ministry of Foreign Affairs (Department of External Resources) and the UNDP Country Office. It is not necessary or efficient for this supervisory role to be shared with the PSC (or PWG or AWG). The TPR is not listed in the relevant section of the UNDP Project document (Part III, summarised in **table 3** above), although it is described elsewhere in the document as "the highest policy-level meeting of the parties directly involved in implementation" (Project Document p.27).
26. The MTE considers also that the role of UNDP proposed in the project document is not fully appropriate; it should be supportive and facilitating, not directive as this will detract from local capacity development. Instances of arrangements that are recommended to be changed are as follows: the project document specifies that (a) both the Project Manager and his deputy, the APB, are to report to the NPD and UNDP; (b) the project staff are to be appointed to MEEW but recruited according to UNDP procedures; (c) the project Office Manager is to be required to apply "UNDP administrative procedures, processes, and requirements"; (d) the NPD is to be required to "consult with UNDP... in assigning implementing agencies for the project components;" (e) the international volunteers are to "report to UNDP Maldives" rather than their Project Manager; and (f) in the case of the Community Mobilizer, s/he was to be supplied by UNDP. In each instance, the principle should be to apply management procedures that strengthen the capacity of MEEW, the NPD, the PM, the PMU and project team; UNDP should not be involved in line management other than as a co-supervising agency on the TPR.
27. On the other hand, the crucial purpose of the AEC project is to establish a new system for ecosystem-based conservation in which all stakeholders are engaged, across sectors, nationally and locally. The MTE considers that to date the agencies participating in the AEC project have given insufficient attention to defining, preparing for and participating in such a system. In part this seems to be because of the mistaken idea that the AEC project is the new system, and belongs to MEEW.
28. The recommendation is to distinguish clearly between the short-term intensive project and the long-term conservation program and management system needed to drive it. The project should be supervised by MEEW and the Tri-Partite Review, while the Baa Atoll program needs to become a collaborative effort by all stakeholders, undertaking discrete actions within a common framework. These should be coordinated in the interim by the project and in the long-term by a new institution, both working with a program Working Group.
29. The forum of the PSC should become the program Working Group and used to develop and achieve this long-term vision rather than over-burden the project's administration and duplicate the role of the TPR. The participating government agencies, private sector and local community organisations need to collaborate more directly and closely with the project and one another on tackling the substantive issues involved in developing an ecosystem approach to managing tourism, fisheries and island development. In turn, the project should be more proactive and systematic in assisting the participating organisations to develop joint action programs in biodiversity conservation, natural resource and environmental management on

the atoll reefs and islands. These suggested arrangements are summarised in **diagram 1** below.

30. The MTE endorses the terms of reference for the Project Manager and Working Group, which stress that “One of the most important responsibilities of the project manager will be working effectively with members of the PWG to ensure that project-inspired activities proceed on schedule within each partner Ministry and non-governmental organization.” (Project Brief p.111). The MTE suggests further that the AEC Working Group should not work solely as a plenary body or committee making collective decisions about the pilot program; it is important for individual stakeholders and specific partnerships to develop strategic actions in conjunction with the project, as a contribution to the overall program.

Chart 1: Proposed management arrangements for the AEC Project and Baa Atoll Conservation Program



Recommendation 3

- AEC project administration, direction and supervision should be confirmed as the responsibility of the project executing agency, MEEW, and the formal project governing body, the TPR, on which MEEW sits with the Ministry of Foreign Affairs (Department of External Resources) and the UNDP Country Office.
- The Project Steering Committee and the proposed but not established Project Working Group and Atoll Working Group should be re-formed and merged to serve as the Working Group for Atoll Ecosystem Conservation, on which the various stakeholder groups will work collaboratively on national- and atoll-level programs of action. The AEC Working Group (PSC and PWG) would not have a role in supervision or administration of the AEC project.
- The AEC project will facilitate the collaborative programming mechanism by providing secretariat functions and actively using the AEC Working Group as both a consultative body for the substantive issues it aims to address, and an extension arm to mobilise conservation actions. The project will work with the Group and with individual

members to plan and facilitate or implement joint programs of action relevant to the Baa pilot of atoll ecosystem conservation.

Project management and implementation

31. The Project Document plan for organising human resources and capacity to implement the AEC project was to recruit a series of national and international consultants and volunteers to supplement a small team of full-time staff. The 28 positions planned are listed in **table 4**. These positions and consultancies have not been developed as planned. Since 2005, a small team has been set up as the AEC Project Management Unit, headed by a National Project Manager and a deputy, the Baa Atoll Partnerships Builder, and supported by finance and office staff (2) and boat crew (3). A communications officer was recruited in 2007. The PMU is housed at the MEEW office in Malé and the project boat and crew are also based in Malé. The project has also paid for a person to work for the Atoll Development Committee, at their office on Eydhafushi, the capital island of Baa Atoll. Of the 24 individual consultants, volunteers and advisors who were planned, only 5 have been mobilised to date, all relatively recently (see ✓ in **table 4**).

Table 4: AEC Project Human Resources Plan (PD 2004)

Project Unit	Position	
Project Management Unit	1. Chief Partnership Builder/ Project Manager	✓
	2. Atoll Partnership Builder/ Site Manager	✓
	3. Office Manager, Administration & Accounts – Malé	✓
	4. Office Manager, Administration & Accounts – Baa	
International Volunteers	5. Office management volunteer (UNV)	
	6. Environmental Education (VSO)	
	7. Coral reef ecology/ Reef fisheries volunteer (UNV)	
	8. Marine Protected Areas volunteer (UNV)	
	9. Community mobilizer (UNDP)	
	10. Fisheries statistics (UNV)	
National Consultants	11. Web site design	✓
	12. Law and Policy and Legal Capacity Building	
	13. Financing Mechanism Development	
	14. Sustainable Fishing Techniques	
	15. Community-based marine resource management.	
International consultants	16. Coral Reef Ecologist/ Management Advisor	✓
	17. MPA Management Specialist	✓
	18. Environmental Economist	✓
	19. GIS Specialist	
	20. Fisheries Management Advisor	
	21. Coastal Processes Specialist	
	22. Environmental Media Trainer	
	23. Adaptive Management Advisor	✓
	24. Ecosystem Management Advisor	
	25. Trust Fund Specialist	
International evaluation and advisory group	26. Ecosystem management expert	
	27. Marine conservation/ protected areas expert	
	28. GEF expert	

32. The MTE considers that the human resources plan for the project was inappropriate and unrealistic, with respect to the small number of full time professional staff (2); the excessive number of consultants (24); their range of specialisations and mode of input; and the proposed arrangement whereby the international personnel would be recruited by and report to UNDP rather than the project office in MEEW. It is especially disconcerting that the approved Project Document proposes such a group, of 19 expatriate specialist consultants and volunteers in senior and highly-paid positions, to implement what is supposed to be a pilot for a model

marine resource conservation system that is appropriately sustainable and replicable in low-to middle- income countries similar to Maldives.

33. Part of the problem appears to have been the designers' views about the AEC project's strategy and purpose. Throughout the plan there is an emphasis on surveying, assessing, monitoring, documenting and understanding the exceptional marine biodiversity of Maldives, as though inadequate understanding of the biodiversity is somehow the problem the project is required to address. In contrast, there is relatively little provision made for addressing the real problem, which is to manage the human activities that exploit or otherwise affect the marine biodiversity.
34. The AEC project needs to be able to mobilise resources with its Working Group partners, to manage the range of marine resource use and development activities associated with tourism, fisheries and island development. And it needs staff who can plan and, with counterparts in partner organisations, organise and implement this strategy. The conclusion of the MTE is that the core team for the AEC project is diligent but over-stretched and needs to be strengthened significantly; and that this should be achieved as much as possible by in-service capacity development of national project staff. "Lack of capacity" was a recurring theme in the MTE discussions, but the solution is to empower and build on what is available, and allow longer time for capacity development, not to work around or risk undermining the existing PMU by setting up a separate team of external experts. The AEC project team needs also to be seen to be working with and for the key line Ministries, and to be better supported by them. It would be of considerable help if the Ministries involved – MoT, MFAMR, MPND, ADM and MEEW – could jointly devise and agree on the size, shape and nature of the long-term institutional arrangements for ecosystem-based conservation (on Baa as a pilot and possibly, subsequently, on other atolls). As discussed above, there does not seem to be such a shared vision and joint plan for achieving it, and in the view of the MTE, this lack has become a critical obstacle to success for the AEC project.
35. The central purpose of the AEC project is to serve as a task force to assist each of the Ministries to develop, agree and collaborate on such a long-term vision and plan. Once these are agreed, 2-3 of the main Ministries could assign one or more permanent staff members to work directly on the AEC project team, creating immediately a collaborative effort to implement the plan. In this way, the PMU would be strengthened considerably, to function first as an inter-ministerial task force, which by the end of the project would be transformed into the permanent institution for managing the conservation program.
36. The decision for the project to not have a base or presence on Baa was taken apparently by MEEW and UNDP soon after inception, on the grounds that it is difficult to recruit national staff to such 'outer island' appointments. Unfortunately, this has given the wrong impression; the AEC project is seen as "just another national government (MEEW) project based in Malé", with little feeling among either national or local stakeholders that the project is "of Baa" or "for Baa". The MTE recommends that this decision should be reversed and a major effort made to base the project on Baa Atoll, and for this pilot effort at decentralisation to be strongly promoted, encouraged and recognised. In the view of the MTE, for the AEC project to achieve its purpose, it needs to establish a local program of conservation actions on Baa Atoll and a management mechanism involving national and local parts to sustain this program beyond the life of the project.

Recommendation 4

- The PMU should be strengthened, with sufficient Malé- and Baa-based staff (perhaps two groups of 3-4 each, supported by the project manager and part-time management

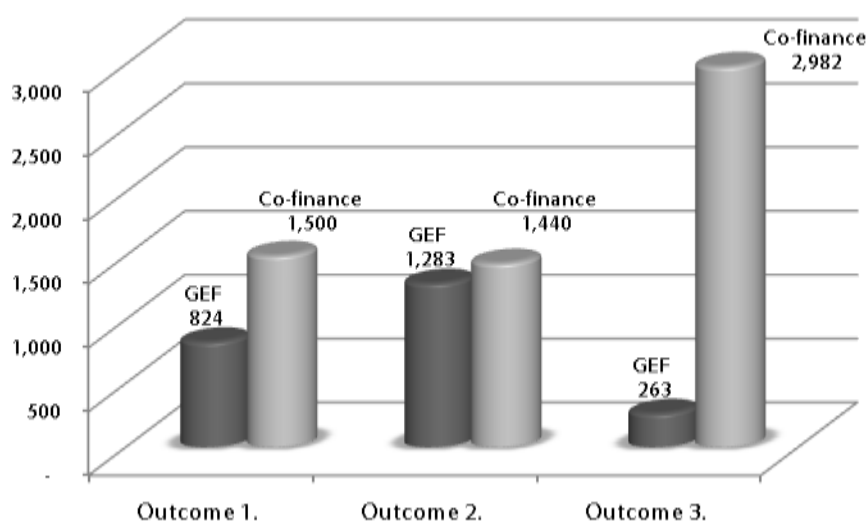
advisor), should undertake a planned program of in-service capacity development, in order to become the AEC institutional mechanism and effectively manage the multi-sectoral program (integrating fisheries, tourism and island community, infrastructure and livelihoods development, with environmental management and biodiversity conservation).

- To enable the AEC project to function as an effective inter-agency taskforce with the necessary capacity to establish the program, 2-3 of the key line Ministries should appoint one or more full-time staff members to the AEC project team.
- Outside consultants should be limited to the minimum necessary to enable the PMU to develop the necessary capacity and function as the AEC management mechanism.

Project Finances – Budget and Expenditure

37. The AEC project was designed with a budget of \$8.3 million over 5 years, comprising \$2.37 m of GEF funds and \$5.92 m of co-financing. The available funds were distributed unequally between the three major component Outcomes, with Outcome 2. Conservation actions on Baa, to receive 54% of GEF funds and roughly equal co-financing, while Outcome 1. Mainstreaming... and 3. Livelihoods development... were allocated only 35% and 11% respectively of GEF funds, but the bulk of the co-financing (refer to **chart 2**).

Chart 2: AEC Project Outcome Budget – GEF and Co-financing (\$,000)



38. These budgetary figures emphasise the importance of the total package of funding being available to achieve balanced progress between the three complementary components, and thus deliver the total project. The Project Brief lists the multiple sources of financing, with each source allocating funds to specific project outcomes, as in **attachment VII**. The funds are allocated to 16 outputs across the three outcomes, as outlined in **table 5**.

39. The MTE was advised that several changes had been made to the AEC project GEF budget over the past three years by the PMU and UNDP, although the only details made available were revised outcome budget figures in the expenditure record. There is no record of budget changes being discussed or confirmed in any of the TPR, PSC or annual PIR records.

Table 5: AEC Project Budget

Outcomes and Outputs	(in US\$ thousands)	GEF funds	Co-financing	Total
1. Biodiversity mainstreamed into sectoral policies/ institutions		823.9	1,500	2,323.9
1.1. Strengthen institutional capacity to implement environmental management		189.4	287	

1.2 Ability to access, analyze and apply ecosystem information	70.5	241.5		
1.3 Improve policies and procedures	154.4	200		
1.4 Targeted research re: biodiversity benefits	193.7	203.5		
1.5 Strengthen constituency for conservation	215.9	568		
2. Biodiversity is conserved in Baa Atoll		1,283.2	1,440	2,723.2
2.1. Bolster information baseline (surveys, monitoring)	285.1	470		
2.2. Develop biodiversity conservation plan for Baa Atoll	235	95		
2.3. Establish three marine and/or coastal protected areas	302.6	20		
2.4. Atoll conservation fund designed, established (capitalise fund)	117.5	55		
	250	600		
2.5. Project monitoring and evaluation	93	200		
3. Sustainable resource management & livelihoods		263	2,982.2	3,245.2
3.1 Develop Atoll Development and Environment Plan	33.1	350		
3.2. Stakeholders upgrade employment skills, generate seed capital	43	975		
3.3. Pilot model bait fish aggregation devices	136.8	570		
3.4. Pilot integrated reef resource management	50.1	158		
3.5. Stakeholders pilot solid waste management solutions	0	690.7		
3.6. Demonstrate low-impact shoreline development practices	0	238.5		
Sub Totals (excluding PDF costs)		2,370.1	5,922.2	8,292.3

Source: UNDP-GEF Project Brief 2004

40. The project's financial expenditure record was reviewed as part of the MTE. The data made available by the PMU on expenditure to date is shown in **table 6(a)** for GEF funds, and **6(b)** for co-financing. No data were available for expenditure on each output, i.e. to compare with the budget in **table 5**, for either GEF funds or co-financing, apparently because the project's financial planning and monitoring system is not set up to provide this detail. The following notes and provisional comments on the project's financial management are based on the data made available to the MTE.
41. *Total budget and expenditure:* The GEF budget is reported to have been increased by \$350,000, to \$2.72 million in total, although the source of the extra funds is not clear⁶. Total expenditure between 2004 and mid-2008 is recorded at \$791,000, which is 29% of the revised budget. Average annual expenditure in the two full years 2006 and 2007 was \$227,000. This amounts to 8% of the total budget annually, i.e. sufficient for 12 years of project funding at this rate.
42. The total co-financing budget is reported to be \$5.1 million, a 14% reduction from the \$5.97 m anticipated in the approved Project Document. This equates to an annual budget of roughly \$1 m, of which \$230,000 (<20%) is recorded as the average expenditure in each of the past two full years, 2006 and 2007. At this rate of expenditure, there is sufficient co-financing for a 22 year project.

⁶ It seems likely that there are no extra GEF funds, but that some of the co-financing budget has been 'moved' and added to the 'core' GEF budget. This is not an appropriate project accounting procedure.

43. *Component budget and expenditure:* Outcome 1 GEF budget has been reduced by \$154,000; between 2004 and mid-2008, a total of 9% of the reduced budget has been spent. Outcome 2 GEF budget has been reduced by \$206,000; between 2004 and mid-2008, a total of 10% of the reduced budget has been spent. Outcome 3 GEF budget has been increased by \$298,000 (213% increase); between 2004 and mid-2008, a total of 37% of the increased budget (79% of the original budget) has been spent. An additional budget “component” has been created to cover core project management and operating costs, with a GEF budget of \$662,000 and no apparent co-financing budget. Between 2004 and mid-2008, a total of 62% of the new component budget has been spent. As noted above, there seems to be no record kept of which project outputs have been funded over this time.
44. No details were available to the MTE on which AEC project outcomes or outputs the co-financing had been spent. However, it is understood that the data in **table 6b)** are calculated figures made by the PMU when government staff contributed their time to a project activity, for example as resource persons in a workshop organised by the AEC project.

Table 6: AEC Project Budget & Annual Expenditure**a) GEF funds**

Component	Budget		Expenditure						Balance of		
	us\$	original	revised	2004	2005	2006	2007	2008	Total	original	revised
Outcome 1.	823,900	670,290		10,196	7,635	23,982	5,216	14,024	61,052	762,848	609,238
Outcome 2.	1,283,200	1,076,840		-	6,758	6,189	4,334	94,066	111,347	1,171,853	965,493
Outcome 3.	263,000	560,970		-	11,185	34,187	131,772	29,706	206,850	56,150	354,120
Project management	-	662,000		41,031	39,243	167,595	79,837	83,921	411,627	-	250,373
Total	2,370,100	2,720,100		51,227	64,820	231,953	221,159	221,717	790,876	1,579,224	1,929,224

b) Co-financing

Co-financing	US\$,000	Budget	Disbursements				Balance
			2006	2007	2008	Total	
UNDP TRAC funds		400	10	40	0	50	350
Maldives Government		3,010	159	160	180	499	2,511
Private		70	10	40	30	80	-10
UNDP		1,400	0	0	0	0	1,400
Japan/ADB – MFAMR		90	0	0	10	10	80
FAO – MFAMR		140	0	0	0	0	140
Total		5,110	179	240	220	639	4,471

Source: PMU August 2008

45. *MTE comments and recommendations:* Management of the AEC Project’s GEF funds appears to have been largely *ad hoc*, with a number of major adjustments made to budgetary allocations by the PMU and UNDP office without formal documentation or endorsement, or adjustment of the forward plan. The re-distribution of funds between the three major components has significant implications for the nature of the project and its implementation strategy, yet these issues appear not to have been discussed in any of the responsible fora. Without such discussions, neither the TPR nor the PSC can be considered to have been effective strategic guiding bodies for the AEC project.
46. The MTE considers that the creation of and allocation of a budget to a “fourth component” to cover core project establishment and operations costs is good practice, but that it needs to be planned and managed with diligence. \$662,000 (24% of the revised budget total) was moved into this component from the three substantive components, which seems reasonable, but which cannot be assessed more critically in the absence of any detailed plan for the

component, or modification of the budget plans for the substantive outputs under components 1 to 3.

47. The allocation and expenditure of the co-financing budget appear to be not managed in any sense by the PMU or any other party, apart from the good practice demonstrated by the PMU in recording the “in-kind” inputs of government officers to “project activities”. There is no indication that the co-financing budget presented in **table 5** has been given any further consideration since it was written in the original project document. This is a serious issue for the AEC project, because it is based on three complementary components which are to be implemented using funds from different sources. Component 2, focused on strengthening conservation measures on Baa, is closely inter-dependent with component 3, concerned with livelihoods and environmentally-sound development, yet the former is funded substantially by the GEF while the latter was to be funded almost entirely by co-financing. If, as seems to be the case, only the GEF funds are considered as “the project budget”, the level of funding for each component (illustrated in **chart 2**) is not realistic in terms of the likely costs of the actions to be undertaken. In other words, the AEC project is not feasible or viable without both sets of funds⁷.
48. The system used by the PMU and UNDP Country Office to plan and manage the project budgeting and to manage and monitor project expenditure is apparently limited to the Outcome level, which does not provide sufficient detail for project management purposes. It is not possible to evaluate the effectiveness of the project’s financial management without information on expenditure under each output. The lesson is that it is important to maintain direct connections between the substantive project plan, represented by the logical framework, and the total budget plan, as well as in monitoring substantive achievements alongside monitoring expenditure.
49. Expenditure on substantive actions has been significantly low to date: **table 7** shows that after 60% of the planned project duration (counting from mid-2005 to mid-2008 only), only 16% of the combined budget for the three core components has been spent, compared with 62% spent of the project operations budget⁸. On components 1 and 2 respectively, just 7% and 9% of the original budgets have been spent; while on component 3, expenditure has reached 79% of the original budget (37% of the revised budget). For the MTE, these figures indicate that the project’s strategies for achieving its substantive objectives have not been worked out adequately or implemented effectively.

Table 7: AEC Project Overall Expenditure – GEF Funds

Component	GEF Budget		Expenditure		
	Original	Revised	to mid-2008	% original	% revised
1. Mainstreaming...	823,900	670,290	61,052	7	9
2. Conservation...	1,283,200	1,076,840	111,347	9	10
3. Livelihoods...	263,000	560,970	206,850	79	37
Project operations	-	662,000	411,627	-	62

⁷ This important point was not explained clearly when it was raised at the PSC meeting in 2006. Then the UNDP representative stated that the funding committed by each line ministry was not “to be provided to the project”, but was for “activities related to biodiversity in their own sector”. It would have been more helpful and accurate to have stressed that “the AEC project” actually includes actions “in each sector”; that these actions are to be developed by each line Ministry working as part of the project, and that the joint actions are to be funded by a combination of GEF funds and Co-financing (i.e. from the Ministries’ funds committed to the project).

⁸ Even the expenditure on project operations is low, considering that it includes all of the capital costs of equipping the project team and its office and field operations.

Totals	2,370,100	2,720,100	790,876	33	29
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Recommendation 5

- Financial management of the AEC project should be more systematic, rigorous and transparent. The budget for the remaining GEF funds and co-financing needs to be re-planned in an integrated manner and with closer attention to the proposed strategies for implementing each of the planned outputs.
- Following the MTE, the co-financing budget for the AEC project should be discussed and confirmed at the highest levels (through the TPR). An improved mechanism needs to be put in place for making the committed co-financing available to fund project and program activities, preferably under the control and coordinating influence of the PMU.
- Re-confirmation of the remaining budget should recognise the point made in Recommendation 4 above, that the AEC project is designed to “become the institutional mechanism... and effectively manage the multi-sectoral program” for atoll ecosystem-based conservation. In other words, the type and scale of management system set up through the efforts of the AEC project should be appropriate, realistic and able to be sustained in Maldives without recourse to further international assistance projects.
- The re-planning of the remaining budget⁹ should be done by the PMU in close consultation with each of the key partners implementing the pilot Baa Atoll conservation program, as part of re-confirming the AEC project purpose and strategy, and revising the outputs plan and LF. It will also enable the duration and completion date of the AEC project to be re-confirmed. The fresh outputs budget plan and timetable should be approved by the TPR, and then used proactively by the PMU to drive project implementation, and also as the basis for monitoring and reporting project performance towards each output each quarter.

Project duration and extension

50. As noted above, it took several years for the AEC project to be designed and for funding to be approved, after which inception and implementation were significantly disrupted and delayed by the 2004 tsunami and its aftermath. Even following “re-launch” and formal inception of the project in July 2005, progress with implementation has been slow. The broad reasons for continuing slowness appear to be “lack of capacity”, not merely in terms of having insufficient staff on the PMU and an inappropriate human resources plan relying too heavily on consultancies, but especially because the project has not had a clear direction in which to go or clear strategies for getting there. As discussed above under Project management and implementation, the impression gained by the MTE is that the lack of a shared vision for ecosystem-based conservation and an agreed strategy for achieving it through appropriate multi-sectoral institutional arrangements have become critical obstacles to success for the AEC project.
51. The MTE also observed considerable good will towards the AEC project’s efforts and a widespread recognition of the need in the Maldives for what the project is proposing, for natural resource uses to be planned and managed in a more integrated, collaborative and conservation-oriented manner. The MTE concludes that it is important and worthwhile to persist with the AEC project. Conventional, sectoral, top-down approaches have not been effective in conserving the country’s natural environment and biodiversity, and some form of

⁹ The post-MTE mission workshop in Male’ developed a provisional outputs budget plan for the remaining GEF funds – refer to **attachment VIII**

atoll ecosystem-based conservation is essential for the future survival and sustainable development of the Maldives' society and economy.

52. These issues are discussed elsewhere in the evaluation report and recommendations are made for strengthening the project's performance and completion. Even with re-focussing and adjusting the project's management, budget and direction, it will take time for the project to promote and devise innovative inter-sectoral and participatory mechanisms; to test them and demonstrate their effectiveness; and, upon project completion, to have achieved a satisfactory state of institutional development for the long term. This need to allow sufficient time should be given priority in planning the remainder of the project.

Recommendation 6

- The planned duration and completion date for the AEC project should be reconsidered following the MTE, based on re-confirmation of the AEC project purpose and strategy, revision of the outputs plan and logical framework, and preparation of a fresh outputs budget that takes into account the remaining GEF funds and the re-committed co-financing. The provisional suggestion of the MTE is to aim for a new completion date of December 2011, rather than 2010 as currently planned.

4. Implementation Progress and Achievements

Overall progress

53. As noted elsewhere, the AEC project has been slow to get started and make progress. The overall timeline achieved to date, summarised in **chart 3**, shows that the project has passed through four general phases: 1) conception, planning and design culminating in formal approval and funding; 2) mobilisation and inception; 3) initial implementation; 4) second implementation. The key lesson that may be drawn from this start-up history is that a solid inception program, centred on the individuals and organisations who will be most directly involved in the project, is more critically important than a substantial formulation exercise. During inception, each of the main elements of the project should be confirmed and any perceived issues or misunderstandings resolved – governance and supervision, objectives, strategy, logical framework, monitoring-information-reporting-evaluation system, budget, administrative procedures.

Chart 3: AEC Project organisational timeline

Date	Key event
2000	Project design – PDF ‘A’
2001	Project design – PDF ‘B’
2002 October	Project Brief approved by GEF Council
2004 March	Project document approval
2004 December	Indian Ocean tsunami
2005 July	Project inception
2005 July	Project staff and office established
2006 February	GoM Reform Agenda launch
2006	new National Project Manager appointed
2006 March	Logical Framework revision
2007 May	further Logical Framework revision
2007	Adaptive Management Advisor recruited to PMU
2008 March	international consultants recruited
2008 June	TPR decision to extend project completion date
2008 August	Mid-term evaluation undertaken
2009 February	Original planned completion date
2010 December	Revised planned completion date

54. The remainder of this section reviews the project’s achievements under each of the three major components, 1. Mainstreaming; 2. Conservation on Baa; and 3. Livelihoods and development on Baa. The review is based on notes made by the evaluators during the MTE and may be incomplete. It was difficult for the MTE to compile a list of achievements from the project’s own records and reports, which are not well organised to provide such details.

Recommendation 7

- The project’s records, information monitoring and communication system are primarily a tool for ensuring and maintaining engagement of the major stakeholders in the AEC initiative. The project must therefore use this tool to present and communicate clear messages about its purpose and objectives, what it is doing, why, with whom and how, and to what end, with what effect or impacts. As suggested elsewhere in this report, the project will find it useful to confirm the sets of key outputs that it will concentrate on achieving, to monitor progress at this crucial middle level, and to use these output monitoring results as the basis for a strengthened communications

outreach program; in other words, keep the target audiences up-to-date with progress towards a smaller number of these key planned outputs, rather than simply publicising a large number of activities being carried out.

Outcome 1. Biodiversity Mainstreamed into Sectoral Institutions and Policies

55. The first of the three major project components is concerned with “mainstreaming”, i.e. providing for conservation of biodiversity and management of environmental issues by modifying the policies and practices of the main sectors which govern the use and management of natural resources. Component 1 is planned to deliver six outputs, the key being Output 1.4, “... integration of atoll ecosystem conservation objectives into sectoral policies and programmes.” The important mainstream resource use sectors in the Maldives and on Baa Atoll are tourism, fisheries and island development, which are governed by the policies and practices adopted and enforced by the Ministries of Planning & National Development; Finance & Treasury; Tourism; Fisheries, Agriculture & Marine Resources; and Atolls Development. These are the main sectors and agencies with which AEC project component 1 is concerned; the project is a device for getting biodiversity, environment and conservation needs taken into account by these “mainstream sectors”.
56. **Table 8** summarises the AEC project’s achievements reported to the MTE with respect to each of the component 1 outputs.

Table 8: Component 1 objectives and achievements noted by the MTE

Project Framework Objectives (revised 2007)		MTE notes on Achievements by Output
Outcome 1	Biodiversity is Mainstreamed into Sectoral Institutions and Policies	
Output 1.1	Value of Atoll ecosystem conservation in sustaining the national economy and livelihoods of coastal communities demonstrated and quantified	<ul style="list-style-type: none"> • Stakeholder analysis prepared (2007) • Socio-economic survey of Baa Atoll conducted (2008)
Output 1.2	Communication of the value of Atoll Ecosystem Conservation	<ul style="list-style-type: none"> • Communications plan prepared • Promotional materials prepared – Web-site, newsletter • ‘Environment Day’ activities
Output 1.3	Managers and technical staff from key sectoral agencies trained to integrate Atoll ecosystem conservation into productive sector programmes	<ul style="list-style-type: none"> • Training needs assessment done as part of stakeholder analysis (O1.1) • National workshop held on applying the ecosystem approach • Liaison with the Baa resorts’ forum for conservation
Output 1.4	Support individual sectors and inter-sectoral processes and fora to enhance the integration of Atoll ecosystem conservation objectives into sectoral policies and programmes	<ul style="list-style-type: none"> • GIS data shared with MPND and MHUD • Land Use Maps and Plans prepared for each Baa island community through MHUD and MPND training workshop • AECP through MEEW provided inputs to NDP7 • AECP through MEEW provided inputs to Tourism Master Plan (#3) • “Protected Areas System” vision paper prepared
Output 1.5	Strengthen the constituency for biodiversity conservation	<ul style="list-style-type: none"> • Plan prepared with EDC to develop new national environmental education curriculum

Output 1.6	Project demonstration activities and lessons learned are disseminated nationally (and internationally).	<ul style="list-style-type: none"> • (see O1.2 also) • MHUD workshop for other atolls, on preparation of island land use plans
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57. The review of progress towards outcome 1 indicates that the AEC project team has been increasingly active in this area over the past three years, and has made some notable achievements, including assisting MEEW to provide inputs to the National Development Plan (2006 to 2011), which was published in 2007. Some actions, such as the NDP work, tourism master plan, education curriculum and protected areas “vision paper”, have been aimed at strengthening biodiversity and conservation references of a general nature in national policy and planning documents. Other, separate actions have worked locally on Baa atoll to strengthen “environmental” aspects of specific planning and policy processes. These have included participating in the Baa resorts’ forum to develop their Baa “conservation project”, and the substantial work with MHUD and MPND which has resulted in a useful technical training workshop and generation of island land-use maps and land-use management plans for each of the 13 inhabited (non-resort) islands on Baa Atoll – a “first” for the Maldives.
58. The actions undertaken to date, while valuable, appear to be *ad hoc* and opportunistic, rather than systematic and deliberate. The project document, brief and logical framework do not provide a clear plan for achieving outcome 1 and the PMU does not appear to have developed one for itself. More is needed than simply inserting general references to biodiversity conservation into the reviews of the major national policies, such as the 7thNDP¹⁰ and 3rdTMP. Component 1 would be strengthened by the project adopting a clearer strategic focus on the nature of “ecosystem-based conservation” and working out how the main sectors of tourism, fisheries and island development will need to be managed differently under such an approach. These ideas for a “mainstreaming” strategy will come from the pilot work on Baa, and it is recommended therefore that component 1 should be guided by and based on the other two components, under which the project is working out in practice on Baa how tourism, fisheries and island development may be managed better so that they are fully integrated and compatible with ecosystem conservation.
59. For example, two of the central objectives of ecosystem-oriented approaches to conservation are for decision-making to be “integrative”, holistic or systems oriented, both across sectors, and from top to bottom, combining “top-down” with “bottom-up” participation. First therefore, the AEC project should work out how these two objectives can best be achieved under the new institutional arrangements for ecosystem conservation planning and management that are being piloted on Baa Atoll. Then, the lessons and models from Baa can be applied nationally; i.e. integrated and participatory procedures for conservation planning and management have to be developed into standard practice for Maldives.
60. By the end of the AEC project, intended outcome 1 is for the policies and plans that govern development and management of island resorts and marine **tourism**, all types of atoll- and reef-based **fisheries**, and island **communities, livelihoods** and **infrastructure** in the Maldives to be strongly integrated with ecosystem conservation. The development and strengthening of these policies and plans will be done by the main sectoral agencies and stakeholders themselves, working closely with the AEC project and under the influence of the project’s pilot work on Baa.

¹⁰ The MTE considers that the 7th National Development Plan was a very timely opportunity, and that the AEC project could have done more to promote and incorporate “ecosystem conservation” into the plan, rather than just “protected areas and protected species” (7thNDP Strategy 3.3).

61. The significance and appropriateness of the project's institutional and policy development work is heightened greatly by the Reform Agenda that is being implemented nationally in Maldives. Under the reforms, responsibility for conservation of natural resources and biodiversity, through the management of fisheries, tourism and island development, will be devolved to a large extent to the Atolls. The AEC project is in an ideal position to devise, pilot and demonstrate strengthened local governance of fisheries, tourism and island resources on Baa Atoll.
62. Planned output 1.6 is the demonstration of an ecosystem conservation system on Baa and dissemination of lessons from the AEC project. This is a crucial aspect of the GEF-funded project as a pilot for a new approach in the Maldives. The MTE notes that little has been done so far for this project output. It will require major efforts, from now until the end of the project, by the leaders of the partner agencies collaborating in the AEC project (Environment, Fisheries, Tourism, Planning, Atolls Development) to support and champion the project's pilot actions, demonstrate a successful operating model of atoll ecosystem conservation, and promote replication of the model nationally and internationally.

Recommendation 8

- A clear strategy is needed for how the project is to achieve outcome 1, to influence the policies and plans that govern development and management of island resorts and marine **tourism**, all types of atoll- and reef-based **fisheries**, and island **communities, livelihoods** and **infrastructure** in the Maldives, so that they are strongly oriented towards ecosystem conservation. The strategy for outcome 1 needs to be based on what is achieved and learned under outcomes 2 and 3. In other words, "...integration of atoll ecosystem conservation objectives into sectoral policies and programmes" (key output 1.4) will only be achieved after first working out, under outcomes 2 and 3, what the specific "objectives" of "atoll ecosystem conservation" are. Then the results and lessons from the Baa pilot have to be translated into national policy.

Outcome 2. Model, Innovative Practices Conserve Biodiversity in Baa Atoll

63. The second component forms the central part of the AEC project, an innovative biodiversity conservation system on Baa. The four major outputs planned are information on the biodiversity of Baa atoll, leading to a conservation plan, establishment of protected areas, and a conservation financing mechanism. **Table 9** summarises the AEC project's achievements reported to the MTE with respect to each of these outputs.

Table 9: Component 2 objectives and achievements noted by the MTE

Project Framework Objectives (revised 2007)		MTE notes on Achievements by Output
Outcome 2	Model, Innovative Practices Conserve Biodiversity in Baa Atoll	
Output 2.1	Comprehensive baseline of information on biodiversity and ecosystem health of Baa Atoll, and ecosystem condition being updated periodically	<ul style="list-style-type: none"> • Comprehensive review of Baa Atoll biodiversity published 2005 (AV Bers) • Baa Atoll resource use map, island land-use maps, and GIS base maps developed • Fish kills study by MRC • Economic study of Dhigaliha MPA • Rapid ecological survey – plan prepared and being conducted currently (mid-2008) • Socio-economic survey of Baa Atoll conducted (2008)
Output 2.2	Baa Atoll biodiversity conservation plan preparation and implementation	<ul style="list-style-type: none"> • Participatory planning workshops organised • Island Development Plans prepared for all

		<ul style="list-style-type: none"> inhabited (non-resort) islands Baa Atoll Development Plan drafted AEC has participated in Baa resorts' forum: "Baa Atoll Conservation Program"
Output 2.3	Marine/coastal protected or specially managed areas established and functioning in Baa Atoll	<ul style="list-style-type: none"> Management plans being developed for two PAs
Output 2.4	A long-term biodiversity conservation fund for Baa Atoll	<ul style="list-style-type: none"> Study of dive tourists' willingness to pay

64. Over the past 2-3 years the small project team, especially the APB, has been actively liaising and consulting with community leaders and resort managers on Baa Atoll about conservation and management of environmental impacts. The main actions stemming from this work have been to support the island community organisations (IDCs and WDCs) and the Baa Atoll Office and Atoll Chief to prepare Island Development Plans (for each inhabited island) and an Atoll Development Plan; and to attend the Baa resorts' forum which has initiated a resort-led "Baa Atoll Conservation Program". The IDP and ADP processes have involved reasonable community participation and have served to develop the capacity of the island community organisations in consultation and planning work. The plans they have drafted are seen by the PMU as an important step towards the proposed Baa Atoll conservation plan (Output 2.2). Smaller-scale actions have focused on strengthening MEEW's management of two Protected Areas, Olhugiri island and Dhigali reef (Output 2.3), by starting a process of community consultation and site management planning. Preliminary work has been done also towards the plan for a conservation financing mechanism (Output 2.4).
65. The project team's view is that both conservation planning and action have been inhibited to a considerable extent by the lack of organised and accessible information on the area's biodiversity (Output 2.1). Under the guidance of the international consultants recruited in 2007, the project has commissioned an atoll-wide survey of coral reefs and fish communities, which is intended to identify "priority sites for biodiversity management", on which to focus attention. At the same time, the project has commissioned the international conservation group, IUCN, to prepare a comprehensive socio-economic analysis and document the value of Baa Atoll's contribution to the national and local economy and development agenda. Both sets of study results are due to become available to the project shortly after the MTE.
66. The general conclusion from the MTE on this component 2 is that the project has done some good work but that overall progress has not been satisfactory; the individual actions supported by the project are commendable, but they are not sufficient to achieve the purpose of the project. The bottom line is that conservation problems on Baa and elsewhere in the Maldives are accumulating faster than solutions are being found; since the AEC project was conceived and designed, the impacts from tourism activity, reef fishing activity, island development activity, and interactions between them are each likely to have doubled, but no effective conservation strategy has yet been introduced.
67. The MTE considers that the AEC project plan does not provide good guidance for an effective project implementation strategy, and this has contributed to the slow progress. The set of outputs planned under component 2 gives the impression that a useful conservation strategy for Baa Atoll will be achieved by compiling information on the biodiversity; preparing a conservation plan; and establishing a series of protected areas. This is not a realistic strategy: priority conservation actions can and should be planned and implemented without waiting for the results of further surveys and studies, and a successful Baa Atoll conservation plan is not

going to centre on establishing a series of protected areas¹¹. The strong recommendation from the MTE is for the AEC project to adopt a much more pragmatic strategy for introducing “model innovative biodiversity conservation practices” on Baa Atoll.

68. The recommended approach is to tackle specific conservation issues in a direct fashion. There is already available a wealth of information on specific biodiversity conservation issues that are prevalent on Baa Atoll. The project purpose is to pilot and demonstrate a system or mechanisms by which priority issues will be identified and diagnosed, relevant stakeholders will be engaged, and specific actions will be planned and taken to address particular issues. The system devised by the project needs to be efficient and effective in the long-term; it needs to enable the stakeholders who are to implement the solutions to acquire the necessary capacity to do so, including accessing directly relevant information and human, financial and technological resources.
69. Following the MTE, the evaluators provided the project team with a provisional schedule of “conservation issues” affecting Baa Atoll that they had compiled during the course of the mission, based on observations, consultations and the IDPs and ADP. Refer to **attachment IX**. The strategy recommended for the remainder of the AEC project is to establish institutional arrangements to develop and coordinate a program of strategic conservation actions to tackle these issues. The system will include monitoring and analysing the status of specific conservation issues, as well as planning and coordinating the strategic actions, and subsequently evaluating their effectiveness.
70. *Conservation financing mechanism*: The AEC project plan included the proposal to set up and secure capital investment in a long-term funding mechanism to be used to pay for biodiversity conservation measures on Baa Atoll. The concept was summarised as follows: “*The significant value of Maldivian atoll ecosystem makes it feasible to create a long-term revolving fund mechanism to channel revenue from ecosystem-dependent economic activities like tourism back into conservation. The fund provides the institutional and political space to create a novel alliance for conservation among diverse groups from the national and atoll level.*” UNDP-GEF Project Brief p.102. The concern for the MTE with this concept is that rather than achieving a “novel alliance”, it is merely an additional tax on resource users and drives a wedge between “resource use” (tourism, fisheries, island development) and “biodiversity conservation” (meaning apparently “protection of special sites and species”), as though the latter is another, separate sector requiring funds. It will thus tend to hinder integration of “conservation” and “development”, and efforts towards ensuring that “environmental sustainability” (and social soundness) are built in to each natural resource use activity.
71. The MTE does not consider that the AEC project has made sufficient progress with designing, piloting and demonstrating an appropriate and effective biodiversity conservation system for Maldives to justify taking further actions towards establishing a long-term biodiversity conservation fund. While the Project Brief is focused on the mechanism for raising and sustaining the financing, there is little idea of what conservation financing is needed for; what

¹¹ The AEC project and MEEW as the national conservation agency need to be realistic about the limited utility of protected areas as a conservation tool. It is worth considering how few of the provisional list of conservation issues in **attachment IX** would be solved effectively and efficiently by a protected area. Especially in marine environments, it is much more useful to apply a comprehensive, integrated approach and manage resource uses so that they remain reasonable, low impact, sustainable and do not conflict with other uses. In the Maldives and the Baa pilot, this will mean treating the atoll as a whole as a permanent conservation area or integrated resource management area, and introducing limits to the types, levels (intensity) and extent (distribution and frequency) of human activities using and degrading the atoll’s resources.

actions might be funded, and what they would cost. The simple example given in the Brief is to charge dive tourists for the cost of managing a dive site as a protected area. However, to date, there is no plan or costing for a strategy to maintain biodiversity at dive sites. The MTE suggests that the direct approach recommended in the previous section will be more appropriate and effective: to include the question of conservation financing – who pays, for what – in the planning and implementation of specific actions to address the priority conservation issues identified. A quick glance at the list of conservation issues on Baa identified by the MTE mission suggests that neither protected areas nor an additional tax on the resource users would form an effective strategy for dealing with most of the issues. Refer to **attachment IX**.

Recommendation 9

- The strong recommendation is for the AEC project to follow a much more pragmatic and direct strategy for introducing ecosystem-based conservation on Baa Atoll, by focusing on specific conservation issues and implementing actions to manage these issues. This approach would get away from the notion of “managing biodiversity” and would instead be managing resource use activities (all aspects of tourism, fishing, island development, land-use, infrastructure and transport that affect the atoll ecosystem). It would treat the entire atoll as an area in which all biodiversity is to be conserved, in the sense of being used wisely and sustainably for multiple compatible purposes.
- Under this approach, the conservation plan for Baa Atoll would include a list of prescribed resource use activities that cause biodiversity conservation issues, and a management plan for each, consisting of specific controls and limits placed on the activity. These would specify how much of the activity is allowed to be carried out, by whom, where, by what method, at what times and seasons. The overall conservation plan could be organised as a series of action programs, concerned with tackling fisheries-related, tourism-related and island development-related issues.
- For each action, relevant stakeholders would be engaged as participants and collaborators/ co-managers; relevant information for planning and undertaking the action would be acquired; and the necessary human, financial and technological resources would have to be mobilised. It is recommended that during the course of planning the specific conservation action, the responsible stakeholders must consider what information, technical or financial resources they have and need to undertake the action. If special funding is necessary, determine how much, for what, and from whom, and build this into the plan. The principle of ‘user pays’ should be followed, so that the resource user or developer who is benefiting from using the resource – the fisher gaining food or cash income; the safari boat or resort operator accessing a picnic site or dive site – should contribute to the cost of conserving the resource, in other words to the overall conservation management system that sets the limits on picnic site use, dive site use, and fishing activity. In most cases these management costs will be modest and it will be simple and most efficient to incorporate them into core costs of operating the BA conservation program. Self-regulation will also be important. More importantly than establishing a separate conservation trust fund, the AEC project needs to use its resources to devise and establish the long-term conservation programming mechanism, and ensure that sufficient funds will be made available to central and atoll agencies each year to operate the mechanism. Further notes on this recommended approach are in **attachment IX**.
- The system devised by the project needs to be efficient and effective in the long-term; it needs to enable the stakeholders who are to implement the solutions to acquire the necessary capacity to do so. The programs would also monitor and evaluate the

effectiveness of each action, forming an appropriate basis for a useful M&E system – see next section also on Project Monitoring & Evaluation.

Outcome 3. ... Sustainable NRM & Livelihood Development Practices in Baa Atoll

72. Component 3 of the AEC project was intended to enable local people on Baa Atoll to engage in a wider range of livelihoods and economic development, with an emphasis on sustainable, alternative options that would relieve pressure on the atoll ecosystem and biodiversity. Output 3.1 was to be an Atoll Development & Environment Plan (ADEP) for Baa, prepared through local participation using Government of Maldives and UNDP funds, and leading on to the key output 3.2 of livelihoods and development support, which refers to “local communities... upgrading their skills and piloting alternative livelihoods based on... atoll ecosystem conservation and sustainable use of natural resources.”
73. It is clear from the Project Brief and planned budget that component 3 of the AEC project was to be an extension of UNDP’s country program in the Maldives, notably the UNDP Atoll Development Project, which was underway at the time of formulating the AEC project. Outputs 3.1 and 3.2 were to be funded almost totally from the co-financing budget, with approximately \$1 million each from GoM (individual Ministries’ programs) and UNDP; plus \$0.6 m from local communities and \$0.4 m from Baa resorts. Refer to **table 5** and **attachment VII**. Just \$33,000 of GEF funds were to be used to “top up” the budget for output 3.1, to “add an ecosystem management component” to the ADEP, and a similarly small amount (\$43,000 or 2% of the GEF budget), was allocated to output 3.2, livelihoods development assistance.
74. While outputs 3.1 and 3.2 are focused on supporting sustainable livelihoods and economic development for Baa island communities, the remaining outputs planned under component 3 are concerned with management of environmental impacts and natural resource use activities. Three environmental or resource use issues had been selected as priorities for attention – unsustainable baitfishing (output 3.3); solid waste management (3.5); and environmentally-damaging shoreline development practices (3.6). Output 3.4 had a different focus, to devise and introduce a system for “community-based, integrated reef resource management” on Baa. The suggestion from the MTE is to move these latter four outputs altogether from outcome 3 to outcome 2 and, more specifically, to output 2.2 (Baa Atoll biodiversity conservation plan preparation and implementation), alongside the other natural resource management and conservation measures.
75. **Table 10** summarises the AEC project’s achievements reported to the MTE with respect to each of the outputs 3.1 to 3.6.

Table 10: Component 3 objectives and achievements noted by the MTE

	Project Framework Objectives (revised 2007)	MTE notes on Achievements by Output
Outcome 3	Stakeholders Pilot Sustainable Natural Resource Management & Livelihood Development Practices in Baa Atoll	
Output 3.1	Island and Atoll Development Plans for Baa Atoll.	<ul style="list-style-type: none"> • IDPs completed for all inhabited islands • Atoll development plan drafted • Land use maps prepared for inhabited islands (13) • Land use plans drafted for inhabited islands (13); 2nd draft for 5 islands
Output 3.2	New livelihoods available to local communities by upgrading their skills, and piloting alternative livelihoods based on Atoll	<ul style="list-style-type: none"> • Socio-economic data (Vulnerability and Poverty Assessment) collected for all islands but not analysed • Socio-economic baseline planning defined

	ecosystem conservation and sustainable use of natural resources	(Mar 08)	<ul style="list-style-type: none"> • 2 training courses for NGOs on livelihood development • 12 youth to India for alternative medicine course • Grant contribution to ferry terminal at Eydhafushi (UNDP funds?) • Grant contribution to Women's Development Centre, Eydhafushi Island (UNDP funds?) • Pearl culture replication project established on Thulhadhoo, by MRC
Output 3.3	A more sustainable tuna fishery: pilot model bait fish aggregation devices in Baa Atoll		•
Output 3.4	Pilot integrated community-based reef resource management		• Participatory Stakeholder Forum established
Output 3.5	Solid waste management (SWM) solutions		<ul style="list-style-type: none"> • SWM willingness-to-pay survey of Baa communities and resorts • Feasibility study including testing models for SW transportation used to influence national waste management policy • Waste collection facilities developed post-tsunami for 2 islands • Grant contribution to pilot waste management project for 5 islands (transported to Malé)
Output 3.6	Demonstrate low-impact shoreline development practices in Baa Atoll.		<ul style="list-style-type: none"> • Current land use maps completed for all inhabited islands (13) • Land use plans drafted

76. A number of substantial actions have been undertaken under this project component, including support for preparing island land-use plans, Island Development Plans and the draft Baa Atoll Development Plan; construction of solid waste collection facilities on some islands and a ferry terminal on Baa's capital island of Eydhafushi; and a relatively small amount of support for new livelihoods development, in traditional medicine and pearl oyster mariculture.

77. It is not possible for the MTE to evaluate the project's performance on this component with the limited information made available: although over 90% of the component budget is from co-financing, the co-financed outputs and activities described in the project plan are not included or accounted for in the project's program of activities. Thus it is not known how much if any of the nearly \$3 m of co-financing for outcome 3 has been mobilised. Project expenditure data reported to the MTE (see **table 7**) indicates that nearly 80% of the GEF budget for outcome 3 (\$206,850 out of \$263,000) had been spent by mid-2008, compared to only \$639,000 of the total co-financing budget of \$5 m, spent across all three outcomes (see **table 6(b)**).

78. It appears as though the AEC project¹² has largely failed to engage the various line ministries and other stakeholders as partners in a collaborative program, which would draw on funds made available by the co-financing partners for the envisaged series of joint actions. The funds

¹² This was the essential role envisaged for the Project Steering Committee and Project Working Group.

spent on component 3 outputs seem to be primarily from the small GEF budget. Thus the GEF budget has been largely spent on activities that were supposed to be funded from co-financing, and important activities that were to have been GEF-funded have not been implemented.

79. An example is the proposed use of GEF funds on output 3.1, to add value to the “Atoll Development and Environment Plan”: this was to be a crucial activity towards realising the vision of “atoll ecosystem conservation”, by enabling two inhabited island communities to pilot an innovative process to prepare “ecosystem management plans” for their islands and surrounding waters and reefs. The process was to produce a framework for integrated management of natural resources, biodiversity, resource-based livelihoods and environmentally-sound development, in which the two pilot community-based plans were to “serve as models for local ecosystem planning and management throughout the Maldives”. The justification for the GEF funding is that organising such a pilot exercise is a significant undertaking, requiring a range of skills that would need to be acquired or developed by the project team and participants. The concern of the MTE is that the GEF funds have been used to support the basic ADEP planning process that was to have been funded by GoM and UNDP, and no skilled support has been built for developing the more complex “ecosystem management plans”.
80. The MTE was informed that two of the planned outputs – the Atoll Development Fund (output 3.2) and the Baitfish Attracting Device (3.3, BFAD) – had been dropped as project actions, the first because UNDP had stopped working on ADFs under its Maldives Atoll Development Program; the second because of advice that a BFAD was not an effective solution. The MTE concludes that it is not appropriate for the project to simply drop these actions. In each case the underlying problem remains – of lack of access to credit, and of declining baitfish catches plus increasing conflict with other reef users – and the purpose of the AEC project remains to help to find alternative solutions.
81. A sound implementation strategy for each part of outcome 3 – plus a properly integrated budget – would have helped the AEC project to avoid the difficulties it has had with this component. The Project Brief and logical framework do not make it clear, for example, how the project might best organise, in collaboration with the range of other agencies, an effective program and institutional arrangements to support development of sustainable livelihoods. What would be the elements of such a program and how should they be established? Planning and confirming these strategies should have been concluded at project inception and been a key consideration for adaptive management during the life of the project. A key recommendation from the MTE is that implementation strategies should be defined much more clearly and rigorously for each component outcome and output for the remainder of the project.

Recommendation 10

- Outcome 3 should be focused clearly on developing livelihoods that are ecologically sustainable among the Baa Atoll resident population. This will require a sound strategy to be planned for achieving output 3.2, “New livelihoods...”. The strategy recommended by the MTE is for the project to encourage and facilitate establishment of a livelihoods development support (LDS) program, as a not-for-profit resource centre and advisory/ extension service, possibly attached to the Atoll Office and integrated with other suitable livelihoods and extension programs of government agencies and NGOs.

- It is recommended that the LDS program and the Baa Atoll Conservation Program or Marine Park office and operation should be distinct from one another, so that the AEC project is no longer perceived and treated as a “development project”.
- The size and scope of the LDS program will be determined by the amount of co-financing that is made available. Of the nearly \$3 million in co-financing for outcome 3, \$0.98 m was earmarked for livelihoods support. If these funds are still available, it is recommended that the AEC project should appoint a 2-3 person team, to establish the LDS program.
- The LDS program should be organised to work systematically with each of the 13 inhabited island communities. The members of each community could receive assistance from the LDS team to participate fully in an LDS planning process, consisting of an analysis of resource-based livelihood options potentially available to residents of that island, followed by a number of joint R&D trials for specific new livelihoods. In parallel, the LDS program could make available a set of core LD support services to all Baa residents, which could include customised courses in skills and capacity development for business planning, organising credit, and product marketing.

Special Issues for Mid-Term Evaluation

82. The terms of reference for the MTE (**attachment I**) specify a number of issues to be given particular consideration. The MTE comments on each of these issues in the following paragraphs.

Impacts of climate change

83. Issue: *The project did not directly address the possible impacts of climate change at the time of the project design. The evaluators are requested to assess what actions if any are required by the project to address this issue and/or whether this should be addressed through other means and mechanisms.*
84. The AEC project aims to introduce a comprehensive and integrated approach to long-term conservation of the natural environment and biodiversity of Baa Atoll. This requires all influences on the atoll ecosystem to be taken into account, including the possible impacts of climate change, such as rainfall patterns on island livelihoods, storm frequency on resort operations, sea surface temperature on coral health, sea-level rise on infrastructure. The management system being introduced by the project needs to be able to build these factors into its planning and decision-making. In the short- and medium-term, the recommendation is as outlined in **recommendation IX** and **attachment IX**, to consider the possible effects of climate change when planning the strategy to address each priority conservation issue. A couple of simple examples of this approach are given in **attachment IX table IX.2**.

AEC Project staffing

85. Issue: *The evaluators are requested to pay special attention to project staffing issues and suggest measures to best address these issues.*
86. The questions of human resources, consultants and capacity are reviewed in section 3. of the report, under **Project management and implementation**, and **recommendation 4**.

Risk analysis and management

87. Issue: *The GEF, UNDP and other donors are paying particular attention to risk analysis and management. UNDP has developed a risk management system within ATLAS and guidance on using this system, which is also now incorporated in the annual PIR. The evaluators are requested to determine how effectively the risk management system is being used as an adaptive management tool. Risks may be of a financial, socio-political, institutional, operational, environmental (or other) type.*
88. MTE report section 4. below reviews the AEC project's Monitoring and Evaluation system and notes that UNDP's procedures for annual reviews are being followed, centred on the Project Implementation Review report and Tri-Partite Review meetings. The MTE also notes the weak basis provided for M&E by the poorly-developed and little-used logical framework. This has affected the application of the "risk management system". Despite regular PIRs and TPRs, there seems to be relatively little feedback to the project, leading to adjustments to the project's management, mode of operation or activities.

Poverty reduction

89. Issue: *How has the project contributed to poverty reduction of communities living in and around the park?*
90. The implicit objective behind the project's component 3. on Livelihoods Development is to contribute to poverty reduction in the Baa communities. The MTE review of this component notes that there has been little substantive impact in this area of project activities to date. The questions is raised also in section V on Improved Livelihoods of the *Tracking Tool for Strategic Objective 2, Mainstreaming Biodiversity in Production Landscapes and Sectors*. Agriculture, fisheries, tourism and transportation are identified as important productive sectors, but the MTE notes few results as yet in supporting development of fruit and vegetable produce, sustainable fisheries or tourism-related businesses to improve the livelihoods of the 12,000 Baa residents.

Local governance

91. Issue: *How has the project facilitated the participation of the local communities in natural resource management and decision making processes? How does the project address gaps between centralized decision making and community based planning.*
92. These questions are central concerns for the AEC project. The underlying purpose is to create a conservation system that both integrates decision-making across conventional resource sectors, and provides for local people and communities on the atoll and islands to participate in decision making and share responsibility for resource uses and conservation. The MTE notes that this is a marked change from what has been standard practice in the Maldives, where resources are owned by the State and each resource sector has been managed relatively separately and from the centre.
93. The project has made progress in this direction, notable examples being the compilation of land-use maps and development plans for each inhabited island (refer to outputs 2.2 and 3. described above); the forum created by the resorts operators on Baa towards a collaborative conservation program (refer to outputs 1.3 and 2.2 above); and the community consultations undertaken as part of preparing a management plan for Olhugiri island (output 2.3). **Recommendation 8** and **9** include suggestions relevant to strengthening participation and democratic processes of decision-making and management for conservation and sustainable livelihoods.

Promotion of gender equity

94. Issue: *Has the project considered gender sensitivity or equal participation of man and women and boys and girls in decision making processes?*
95. No detailed data were made available to the MTE, but it is apparent that the project is sensitive to gender and that efforts are made towards increasing equality of participation of men and women in the project's field activities for outcomes 2 and 3. Clearly however, equal participation is not the norm in Baa's community, and it would be relevant and valuable for the AEC project to increase its efforts towards greater participation of women in all appropriate areas of conservation and development. Examples noted during the MTE mission included the marked lack of participation of girls and women from Baa communities in major areas of employment (tourism, commercial fishing, boat building); the limited involvement of men in island waste management activities; the involvement of only men (virtually 100%) in the MTE consultations.
96. In addition, it would be valuable for the AEC project and conservation program to give much greater consideration to the children and youth of Baa island communities. Their increasing numbers and developing needs do not appear to be adequately taken into account at present.

Policy impact

97. Issue: *The impact of project activities on or the ability of the project to influence state and national policy related to conservation and development of coastal and marine environment.*
98. One of the three main component objectives (outcome 1) of the AEC project is to achieve a substantial 'policy shift' towards an integrated, conservation-oriented agenda for natural resource use and development. The progress of the project in this direction is described in section 4. Outcome 1 above.

Mainstreaming conservation and sustainable use

99. Issue: *The effectiveness of the present project strategy for mainstreaming the conservation and sustainable use of marine and coastal ecosystems in the Maldives.*
100. This question is also discussed above under section 4. Outcome 1.

Tracking Tools for Strategic Objective 1 and 2

101. *The evaluators are therefore requested to complete the Tracking Tool for SO2 and to also complete the Tracking Tool for SO 1 (on Protected Areas) to the extent possible as this is also relevant to the project.*
102. The two Tracking Tools were completed as part of the MTE, and are in **attachment X** to the report.

5. Project Monitoring and Evaluation

103. The project brief describes the following elements of the proposed “comprehensive monitoring and evaluation program”:

- 1) An information baseline on biodiversity condition and ecosystem health – to be established during year 1; plus specific indicators of biodiversity/ ecosystem health to be developed in year 2.
- 2) Baseline ecological surveys.
- 3) Baseline attitude and awareness level surveys of key stakeholder groups, from top-level policy makers to local village level stakeholders.
- 4) Baseline economic surveys of local communities “around site areas”.
- 5) Ongoing monitoring: field data collection; annual review meeting of project staff
- 6) Standard UNDP-GEF monitoring:
 - monitoring field visits by the UNDP CO at least twice per year
 - bi-monthly narrative reports by the Project manager
 - Annual Project Reports (APR) by the Project manager
 - annual Tri-Partite Review (TPR) meeting
- 7) Annual external evaluations
- 8) Annual Project Implementation Review (PIR) process.
- 9) Annual participatory evaluation exercises by key stakeholders
- 10) Annual meetings of an evaluation & advisory group of 3 international experts.
- 11) Documentation and web-site publishing of the lessons learned.
- 12) Ex-post evaluation will be conducted two years after completion of the project.

104. The evaluation strategy is described as follows: “These independent evaluations of project performance will match project progress against predetermined success indicators. Each evaluation of the project will document lessons learned, identify challenges, and provide recommendations to improve performance. The logical framework for this project sets out a range of impact/ implementation indicators that will be used to gauge impact. Success and failure will be determined in part by monitoring relative changes in baseline conditions established in the biological, ecological and economic arenas at the beginning of the project. Baseline conditions will be defined with respect to habitat size and condition and population size of indicator species to ensure that viable populations of these species are present in perpetuity. Indicator species sensitive to increased fishing or collecting pressure will be monitored. If populations of rare species are shown to be in decline, measures will be taken to identify the reason for the decline, and alternative management strategies will be developed to ensure the long-term health of populations and incorporated into site management.”(Project Brief pages 42-43)

105. The MTE considers that the plan for monitoring and evaluation of the AEC project could have been much clearer, simpler and more straightforward. On reading the above description during the project’s inception, the manager and staff must have found it extremely difficult to know where to start. The project’s poorly-developed logical framework, commented on in the Project Design section above, provides an ineffective foundation for M&E. It is not surprising that by the time of the MTE, very little of what was proposed appears to have been put in place. Of the above list, only the following (underlined in the list) were apparent to the evaluators: 1) Biodiversity information baseline (2005); 6) Tri-Partite Review (TPR) meeting records; 8) Annual Project Implementation Reviews; 11) AEC Project Web-site (since 2007). Of these, only the Web-site content is generated by the project team, while the other records and reports are prepared by UNDP or by external consultants. It is indicative of the problem that gathering useful data on project results for the MTE review has been hard-going.

106. The evaluation plan was based to a large extent on a first step of surveying “biological, ecological and economic baseline conditions”. Accordingly, organising comprehensive surveys by outside experts has become a major task for the PMU, but one which had not been completed by the time of the MTE, which means that evaluation has not really been able to be started. It would have been more appropriate to the capacity of the AEC project to have planned a straightforward and pragmatic M&E program, based on assessing progress with tackling the priority conservation issues that are readily apparent on Baa, i.e. along the same lines as suggested for outcome 2 above and in **recommendation IX**. There is no need to describe in comprehensive detail the condition of the biodiversity on Baa Atoll in order to find a solution to a problem of over-fishing, inappropriate shore-line construction or conflict between dive tourists and wildlife.

Recommendation 11

- The AEC project needs to reform its M&E system, based on the revised logical framework and management strategy suggested for outcome 2. The aim should be to create a simple system that records progress towards the 1-2 indicators devised for each key Output.

6. Lessons

107. The Mid-Term Evaluation provides an opportunity to identify aspects of the project which have exemplified good or poor practice, and which may be useful as lessons for the future AEC project or other similar initiatives in Maldives and elsewhere.

Project inception process

108. A well-organized inception phase is essential for projects with characteristics similar to the Maldives AEC – complex, with a policy reform component, designed over a lengthy period, by people not responsible for the project's subsequent implementation or performance, in an administrative environment with acknowledged limited capacity for implementation. The AEC project was formulated over several years using two phases of Project Development Facility grants from the GEF, thorough expert analyses and an extensive in-country consultative process. The project brief was approved by the GEF in 2002; formal execution arrangements and funds, including significant co-financing as an integral part of the overall package, were organised by UNDP in early 2004; and mobilisation was starting in the months before the December 2004 tsunami that caused much damage and disruption in the country. The project launch and an inception workshop were held in July 2005.

109. With this background, a more substantial project inception was warranted. Four objectives for inception can be identified:

- 1) It is important for the range of key stakeholders in the country to develop a shared understanding and “ownership” of the initiative – what the project is and is trying to achieve; its innovative nature; the changes it is aiming to facilitate; and the roles and inputs to be provided by each participant. The AEC project is introducing an innovative approach to conservation and sustainable development, which require significant changes in institutional arrangements among national and atoll-level institutions. All this should be made clear and any queries or doubts resolved as far as possible through the inception phase.
- 2) The inception process is the essential opportunity to form, brief and develop the initial capacity of the newly-appointed project team, the project supervisory body (the TPR), and the broader fora for AEC project and program guidance (PSC, PWG, AWG).
- 3) The key stakeholders must review and confirm the project's main planned objectives – purpose, outcomes and outputs – and the strategies by which they are to be achieved.
- 4) Through the inception period, each of the main elements of the project management system should be agreed and established, with particular attention to human resources and their capacity needs; financial resources and their management; the summary planning and monitoring framework (logical framework); the basic system for monitoring, information, recording and evaluation; the mechanism for management, supervision, direction and adaptation.

Distinguish the Project from the Program

110. A useful lesson for the future delivery of the AEC project is to distinguish clearly between the short-term intensive project and the long-term conservation program and its management system that the project seeks to develop. The MTE recommends that the project should be supervised by MEEW and the Tri-Partite Review, while the Baa Atoll program needs to become a collaborative effort by all stakeholders, undertaking discrete actions within a common framework. The immediate task of the PMU is to facilitate the effective engagement of participating organisations in the program. It is important for all stakeholders to recognise

that the short-lived resources of the project are to be used to define, initiate and establish the program, which is to be sustained by the system that is created, and perhaps replicated in whole or in part elsewhere.

Focus on management of resource use issues

111. It is useful to recognise that conservation is achieved primarily by managing the human activities which use natural resources, rather than by “managing biodiversity”. In the case of Baa Atoll, a range of resource use issues is readily apparent – in fisheries, tourism and island development, and in conflicts between them. The purpose of the AEC project is to devise, pilot, build the capacity of and demonstrate on Baa **a management system** that will address these issues and others that will arise over time. Thus the objective of the management system is to achieve a reasonable balance between long-term protection of the biodiversity and using portions of the resource for sustainable forms of fishing, ecologically-sound and socially beneficial tourism and a culture of sustainable island living and development.
112. A management strategy focused on addressing resource use issues and conflicts is much more pragmatic and able to be made operational than one concerned with developing comprehensive understanding of the area and its biodiversity, identifying “high priority” sites and species and designating them as “protected”. Human activities that use natural resources need to be managed, i.e. kept within reasonable limits with the precautionary principle applied, even in the absence of detailed knowledge of the situation. Lack of knowledge is often used as an excuse for lack of action, but the conservation manager’s job is to make a decision and act, even in the absence of full information. The initial decision can always be refined – adaptive management – as additional information is gained, including from the results of continuing monitoring.

Influencing public policy

113. The AEC project provides a lesson in how a project can contribute to development of government policy. The project is executed by the national government Ministry of Environment, Energy & Water (MEEW) and the project’s office (PMU) is housed within MEEW’s Environment Section. This has enabled the project to be used by MEEW to contribute to policy development processes in government. The MTE reports on several national policy documents that have been influenced in this way (7thNDP, 3rdTMP, NEAP3).
114. A complementary lesson is for the project and its lead agency to focus on a substantive policy agenda and to adopt a systematic strategy for introducing the policy changes that are sought. In the current project, the policy development work has been planned in simple terms of “mainstreaming biodiversity objectives” in national public sector policies, which has resulted in some fairly bland references to biodiversity and protected areas in national plans. The lesson is to use the design of the AEC project to work out, through Baa pilot actions in components 2 and 3, the substance of what is meant by “atoll ecosystem conservation” (i.e. governing the development and management of island resorts and marine tourism, all types of atoll- and reef-based fisheries, and island communities, livelihoods and infrastructure in the Maldives, so that they are strongly oriented towards ecosystem conservation), and then to translate these specific substantive ideas into public policy, using component 1.