OPS6

SIXTH COMPREHENSIVE EVALUATION OF THE GEF

Evaluation Briefs

Independent Evaluation Office
GLOBAL ENVIRONMENT FACILITY

IEO BRIEF

Sixth Comprehensive Evaluation of the GEF: Update and Synthesis

Independent Evaluation Office
GLOBAL ENVIRONMENT FACILITY

The objective of OPS6 is to assess the extent to which the GEF is achieving its objectives and to identify potential improvements going forward.

The overall purpose of OPS6 is to provide solid evaluative evidence to inform negotiations for GEF-7. OPS6 covers all GEF countries, and is based on evidence from a wide array of sources, including terminal evaluations, surveys of stakeholders and beneficiaries, field validations and case studies, meta-analysis of evaluations, and geographic information system (GIS) data. A variety of qualitative and quantitative evaluation methods have been applied to ensure robustness of findings, and the IEO has engaged with a broad set of stakeholders throughout the evaluation process. An online survey to capture perceptions on the comparative advantage, financing, and health of the partnership was administered. There were 123 responses, representing a 30 percent response rate. Select findings, drawn from the briefs, have been broadly grouped into two areas for this synthesis: (1) performance and impact, and (2) policies and institutional issues.

BACKGROUND

The Fifth Overall Performance Study of the GEF (OPS5, 2014) concluded that the GEF was achieving its objectives and has played a catalytic role in supporting countries in meeting their obligations under the multilateral environmental agreements (MEAs) and in tackling global environmental issues. As a network, OPS5 noted that network interactions had been scaled back, and effective interaction was adversely affected. Delays in the project approval process, which had often occurred in the past, were reduced but could not yet be considered efficient. The main policy recommendations from the replenishment discussions included the need for a review of the resource allocation mechanism System for Transparent Allocation of Resources (STAR), a policy for promoting effective cofinancing, promoting efficiency in the project cycle, enhancing the engagement of the private sector, strengthening country and civil society engagement, enhancing gender mainstreaming, and strengthening the results-based and knowledge management systems. The issues identified in OPS5, and the extent to which the policy recommendations have been addressed, are being included in the various evaluations.

UPDATE ON OPS6: The Sixth Comprehensive Evaluation of the Global Environment Facility (GEF) (OPS6) is currently under way. The approach paper was approved by the GEF Council in October 2016. Findings from 25 completed and ongoing evaluations are summarized in the four-page briefs that are included with this summary. The status of the various evaluations is included in the annex to this brief.

In all, 29 evaluations over the GEF-6 period will inform OPS6, of which 17 have been completed; the remaining 12 will be completed by June 2017. The briefs that draw on ongoing evaluation work only include those findings that are based on evidence collected to date.

WEB PAGE: http://www.gefieo.org/ops/ops-6

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ABOUT US: The Independent Evaluation Office (IEO) of the GEF has a central role in ensuring the independent evaluation function within the GEF.
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OPS6
SIXTH COMPREHENSIVE EVALUATION OF THE GEF

CONTEXT

The seventh replenishment of the GEF is taking place in an international context wherein the global environment continues on a downward trend, and the global economic and political environment continues to be unstable. Further, the international environmental architecture of conventions, funds, programs, and donors continues to show increasing fragmentation, making it more difficult to coordinate and harmonize funding for the implementation of environmental activities globally. New institutions with similar mandates to the GEF such as the Green Climate Fund (GCF) and the Climate Investment Funds (CIF) have become key funders of climate activities. Traditional development partners such as the World Bank and the regional development banks have continued to focus on the funding of sustainable development initiatives; more recently, the two new multilateral development banks, the Asian Infrastructure Development Bank and the BRICS Bank, provide an opportunity for mainstreaming global environmental benefits. The Sustainable Development Goals (SDGs) and the Paris climate negotiations will certainly have roll-on effects as well as provide opportunities for the GEF. Finally, support to the growing world of natural capital assessment and assistance in helping to unleash capital in the private sector presents a unique opportunity.

FINDINGS

Relevance

Against this backdrop, the GEF occupies a unique space in the global financing architecture. The GEF's comparative advantage derives primarily from its mandate as the financial mechanism for a number of MEAs/conventions including the Convention on Biological Diversity (CBD), the United Nations Framework Convention on Climate Change (UNFCCC), the Stockholm Convention on Persistent Organic Pollutants, the United Nations Convention to Combat Desertification (UNCCD), and the Minamata Convention on Mercury. The GEF also funds projects in international waters and sustainable forest management that are consistent with the objectives of the United Nations Forum on Forests (UNFF).

Evaluations of the focal areas clearly demonstrate the evolution and adaptation of the focal area strategies to ensure high relevance to the conventions. Across the partnership, there is a high degree of commitment to ensuring that the GEF remains true to this mandate, while at the same time encouraging innovation in the pursuit of global environmental benefits. This, along with the spread of the GEF across countries and sectors, distinguishes the GEF from other funding/financial mechanisms. The Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF) are also highly relevant to convention guidelines. While relevant, GEF responsiveness to the conventions remains an area for improvement, according to staff in the convention secretariats.

Comparative advantage of the GEF. Based on responses to the online survey, the GEF's comparative advantage lies in its broad coverage of environmental issues, alignment with the multilateral agreements (figure 1). The ability to engage the private sector is the biggest challenge.

Programming: evolution toward an integrated approach to addressing drivers of environmental degradation. The GEF is geographically and thematically comprehensive in coverage. Virtually all developing and transition countries are eligible for GEF projects, and the GEF supports projects in a variety of focal areas (figures 2 and 3). There is little donor funding outside the GEF for biodiversity and chemicals and waste, and the GEF is the only funder of regional cooperation for transboundary international waters.

There has been a strategic increase in multifocal projects and programmatic approaches, which are designed to achieve multiple benefits while applying an integrated approach to address drivers of environmental change. There is much support across the GEF partnership for the GEF 2020 focus on addressing the drivers of environmental degradation and the integrative principle underpinning the integrated approach pilots (IAPs) developed in GEF-6. However, conventions, Agencies, and national partners express some concern about the proposed impact programs, seeking to ensure that they a priori favor countries' ability to make progress on their global environmental commitments while also addressing deep-rooted underlying factors.

Performance and Impact

Continued good performance. Seventy-nine percent of 581 projects from the OPS6 cohort have satisfactory outcome and implementation ratings. More than 80 percent of the multifocal projects generate positive environmental and socioeconomic outcomes. Projects implemented under programs have higher performance ratings on outcomes and sustainability as compared with stand-alone projects. An increase in program complexity adversely affects efficiency and effectiveness, but these programs perform better in terms of longer-term sustainability. Monitoring and evaluation continues to be an area of

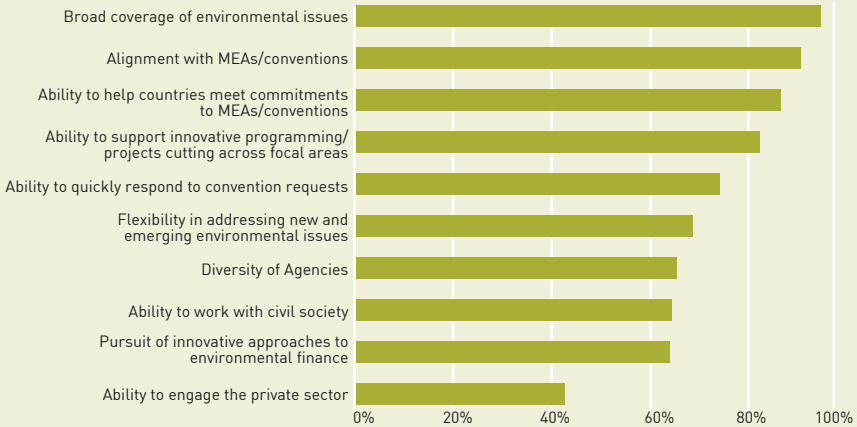

Figure 1: The GEF's comparative advantage—responses represent the degree to which respondents from across the GEF partnership agree and/or strongly agree that the GEF's comparative advantage stems from the indicated statements

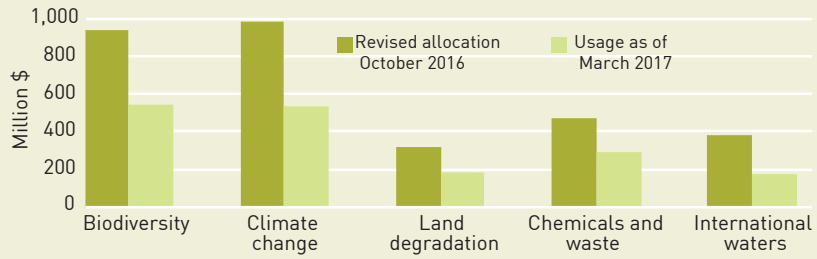

Figure 2: Allocation and use of GEF-6 programming by focal area; GEF Project Management Information System (PMIS) data, March 8, 2017

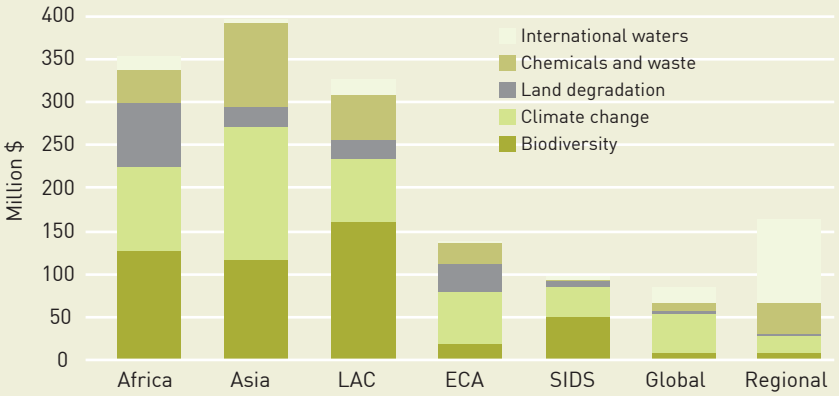

Figure 3: Focal area use by region; GEF Project Management Information System (PMIS) data, March 8, 2017

relative underperformance in projects and programs.

Supporting transformational change. GEF interventions which set out ambitious objectives, have high-quality implementation, establish a self-sustaining mechanism for scale-up and expansion of impacts after completion, and are financially sustainable have resulted in transformational change. Based on survey results, there is widespread support for the GEF to play an important role in experimentation, innovation, and demonstration going forward. However, there are mixed perspectives on the role of the GEF in supporting replication and scaling-up, given the need for large-scale resources.

Support on policy and regulatory reform. While many factors influence success in the reform agenda, the GEF has had success in influencing the regulatory and policy framework in countries, and its capacity-building and enabling activities have also supported this. There is a growing demand for the GEF to do more in helping countries create a sound regulatory environment and a level playing field to attract more private sector investment.

Generating impacts. GEF-supported protected areas in Mexico avoided up to 23 percent forest loss from 2001 to 2012 compared to non-GEF-supported areas. The project on Integrated Land Use Management to Combat Land Degradation in Madhya Pradesh, India, increased the vegetation index by 10 percent over six years. The Small Grants Programme (SGP) has been especially effective in improving livelihoods, empowering women, and combating poverty through community-based initiatives, while securing environmental benefits. The LDCF and SCCF projects have also generated catalytic effects through dissemination of new technologies. Findings across focal areas indicate considerable heterogeneity in impacts based on initial conditions and environmental and socioeconomic factors, and highlight the need for a longer implementation period to generate impacts.

Providing value for money. The land degradation and biodiversity focal areas generate environmental and socioeconomic benefits that transcend the focal areas. Based on conservative estimates, considering only carbon sequestration benefits, the return on investment for land degradation projects is approximately $1.08 per dollar invested. In the case of biodiversity, based on carbon sequestration and soil retention benefits, the estimated return is $1.04 per dollar invested.

Expansion of private sector programs and the nongrant instrument. Private sector projects, using a mix of instruments, have performed comparably to the overall GEF portfolio and resulted in scaling-up and market change, particularly in the climate change focal area. The nongrant instrument has generated high cofinancing ratios (10:1), is diversifying into biodiversity and land degradation, and has begun to generate reflows. However, equity investments have been challenging, projects have been overly ambitious on targets and estimated reflows, and engaging the private sector in focal areas such as international waters has been challenging. There is broad support across the partnership for both grant and nongrant instruments. As suggested by private sector representatives in interviews, to better engage with the private sector the GEF will need to address several issues: the size of project funding, the timing of project cycles that may be mismatched with private sector timelines, awareness of the offerings and capacities of the GEF, and processes/mechanisms by which to attract private sector financing to the different focal areas.

Policies and Institutional Issues

Beneficial effects of new policies. The consolidation of the project cycle into one document has been appreciated. The cancellation policy has created incentives for projects to be prepared expeditiously for Chief Executive Officer (CEO) endorsement. The Harmonization Pilot with the World Bank has helped align the World Bank and GEF project cycles , and has reduced the preparation and processing time for proposals.

Improvements in the results-based management (RBM) system. The RBM system, recognized as essential across the partnership, has improved since

GEF-5 in terms of streamlining the results framework and improved corporate results reporting. However, attention is focused on shorter-term results with little emphasis on longer-term impacts. While efforts are under way to streamline the tracking tools, these remain complex. The Project Management Information System (PMIS) needs to keep up with the evolving needs of the partnership to serve project and program reporting and learning needs. The increased focus on integrated programs will require a review of the RBM system and the tracking tools to meet the requirements of this shift.

Catalyst for safeguard policies. Adoption of the GEF Minimum Standards in 2011 has served as an important catalyst among many GEF Agencies to strengthen existing safeguard policies. However, coverage gaps exist in the GEF Minimum Standards as compared with recently adopted safeguards in Agencies and would benefit from an update. There is also scope for enhanced monitoring and reporting of safeguards to ensure that the GEF is appropriately informed of social and environmental risks in the portfolio.

Knowledge management. Only one-third of survey respondents felt that the GEF has the right mechanisms in place for effective knowledge sharing across the partnership, which limits the GEF's ability to capitalize on new ideas, energy, and diversity stemming from the expanded partnership. The GEF has been taking measures to step up knowledge management and has undertaken a baseline assessment, and developed a strategy and planning guide for knowledge management. The GEF Scientific and Technical Advisory Panel (STAP) has also played a role in building knowledge management in the partnership, and two-thirds of survey respondents felt that the STAP provides high-quality knowledge-based guidance to the GEF.

The IEO study on knowledge management is under way and will provide more details in this area in June.

Financing, Governance, and Health of the Partnership

Modest resources to address global environmental issues. GEF respondents across the partnership are concerned both at the modesty of donor funding and the overall shrinking of donor commitments in an increasingly competitive environment. The overall shortage of funding has been affected by the increased number of GEF Agencies, and meeting more convention requirements. Overall, donors have mostly delivered on their financial commitments to the GEF, as promised, and on time. However, foreign exchange volatility has resulted in a shortfall, adversely affecting projects.

Cofinancing commitments consistent with policy. The GEF has initiated a cofinancing policy intent on maximizing its mobilization of financial and other resources. The new policy has maintained an aspirational ratio of 6:1 cofinancing overall for the GEF portfolio, which has been interpreted often as a requirement at the project level. Cofinancing commitments have fully materialized for 62 percent of completed projects, and on average, the reported realized cofinancing has exceeded promised cofinancing.

The STAR would benefit from a revisit. The STAR provides some GEF resources to all countries, resulting in increased country ownership, enhanced transparency in resource allocation, and improved project preparation. This more predictable and bottom-up approach has been stated as one of the GEF's comparative advantages vis-à-vis the GCF. However, it has discouraged private sector and regional projects. It would be useful to seek modifications such as allowing more fungibility in utilizing STAR allocations among focal areas, and providing greater encouragement to countries to use their STAR allocations for mutually beneficial regional projects.

The expansion of the partnership has provided access to new capacities and networks. The expansion in the number—and diversity—of Agencies from 10 to 18 is generally viewed as positive, drawing in new ideas and capacity and capitalizing on Agency comparative strengths through synergies. However, the STAR and the small scale of GEF resources allocated to many countries have contributed to a competitive culture among Agencies. In addition, there has been an increase in transaction costs related to the management of an increasingly complex partnership. Overall, the GEF partnership is perceived to be effective.

The health of the partnership has improved. Overall, there have been some improvements in the health of the partnership since OPS5—health being defined as "the extent to which the structure of the partnership and the quality and relevance of interactions between the partners enable the GEF partnership to effectively and efficiently deliver global environmental benefits through its support." The expansion of the partnership has resulted in increased potential, with a few challenges; the STAR allocation system has its benefits and shortcomings; the new cancellation policy and the consolidation of project cycle policies into one document have been beneficial. The IAPs are, to some extent, facilitating cooperation and synergies based on Agency comparative advantage. Partners have also expressed that greater transparency in programming decisions, project review and selection, and the initial preparation of the future IPs would be useful; the technical advisory group meetings were a step in this direction. The STAP continues to play an important role in reviewing projects, and stakeholders pointed to an opportunity for the STAP to play a unifying role in the partnership in building stronger relations with scientific and technical counterparts. The CSO Network continues to be relevant and is delivering results. It is currently in the process of redefining its vision and strengthening its governance. Overall, 70 percent of survey respondents stated that the GEF is effectively governed; a similar percentage reported that the GEF Secretariat provided appropriate strategic leadership.

ANNEX

Evaluation	Status
Performance and Impact	
1. International Waters Focal Area Study	Completed
2. Chemicals and Waste Focal Area Study	Completed
3. Land Degradation Focal Area Study	Completed; report under preparation
4. Climate Change Focal Area Study	Ongoing
5. Biodiversity Focal Area Study	Ongoing
6. Evaluation of the Illegal Wildlife Trade Program Study	Ongoing*
7. Project-Level Accomplishments/Progress toward Impact	Completed
8. Joint GEF-UNDP Evaluation of the Small Grants Programme	Completed
9. Evaluation of the Multiple Benefits of GEF Support through Its Multifocal Area Portfolio	Completed; report under preparation
10. Evaluation of Programmatic Approaches in the GEF	Completed; report under preparation
11. Evaluation of Integrated Approach Pilots	Ongoing*
12. A Value for Money Analysis of GEF Interventions in Land Degradation and Biodiversity	Completed
13. GEF Engagement with the Private Sector	Completed; report under preparation
14. The GEF Nongrant Instrument	Completed; report under preparation
15. Measuring Environmental Outcomes Using Remote Sensing and Geospatial Methods	Completed
16. Program Evaluation of the Least Developed Countries Fund	Completed
17. Program Evaluation of the Special Climate Change Fund	Ongoing
18. Impact of GEF Support on National Environmental Laws and Policies in Selected Countries	Completed
19. Transformational Engagements	Ongoing
20. Impact Evaluation of GEF Support to Protected Areas and Protected Area Systems	Completed
Policies and Institutional Issues	
21. Evaluation of the Expansion of the GEF Partnership	Completed
22. Review of the Comparative Advantage, Financing, and Governance of the GEF Partnership	Ongoing
23. Evaluation of the GEF–Civil Society Organization (CSO) Network	Completed
24. Review of the GEF Agency Minimum Standards on Environmental and Social Safeguards	Ongoing
25. Review of the Indigenous Peoples Policy	Ongoing*
26. Review of the Resource Allocation System STAR	Ongoing
27. Review of the GEF Approach to Results-Based Management	Completed
28. Evaluation of the Knowledge Management System	Ongoing
29. Evaluation of the Gender Mainstreaming Policy	Ongoing*

*Findings not included at this stage.

IEO BRIEF

International Waters Focal Area Study

Independent Evaluation Office
GLOBAL ENVIRONMENT FACILITY

The GEF Council established the IW focal area and adopted its operational strategy 20 years ago, and this is the third study of the focal area by the IEO.

FINDINGS

1. High level of contemporary relevance. The GEF IW focal area was established to support countries to jointly manage transboundary water systems and implement the full range of policy, legal, and institutional reforms and investments contributing to sustainable use and maintenance of ecosystem services. The foundations established for the IW focal area by the 1995 Operational Strategy have continued to inform actions throughout the GEF-4, GEF-5, and GEF-6 replenishment cycles. The focal area strategies have evolved and embraced changing global priorities, and focal area actions have been expanded to address new environmental threats to sustainable development. The IW focal area is particularly suited to contribute to the achievement of a number of Sustainable Development Goal (SDG) targets. Based on the project concepts approved as of June 2016, the focal area is responding to GEF-6 programming directions. The only subject not currently covered regards high-altitude melting glaciers.

2. Largely satisfactory performance. Several evaluations have cited the IW focal area for the high broader adoption of policies and practices promoted by its projects (it is the highest rated among GEF focal areas in this regard), its demonstrated ability to leverage high amounts of cofinancing, its stepwise long-term approach to transboundary cooperation, its successful knowledge management efforts (in particular, IW:LEARN), and its many projects achieving measurable stress reduction impacts.

3. A catalyst for integration. IW foundational projects have demonstrated that solutions to water concerns lie not just in improving water supply and treatment or in protecting aquatic ecosystems and environmental flows, but also—and often primarily—in distant sectors. So far, however, attempts to capture and fully develop the huge potential for improved overall GEF effectiveness inherent in joining the GEF focal areas toward common objectives have been limited by obstacles such as focal area silos, sectoral conventions, and difficulties in aligning country priorities with regional objectives.

PURPOSE AND METHODS: The purpose of this study is to provide insights and lessons for the next replenishment cycle (GEF-7). The main objectives of the study are to assess the current relevance of the international waters (IW) focal area and its effectiveness in creating an enabling environment for transboundary cooperation and stress reduction. The study is based on an analysis of the IW portfolio (296 projects), terminal evaluations of completed projects, 43 stakeholder interviews, and remote sensing analysis and earlier evaluations.

WEB PAGE: www.gefieo.org/evaluations/international-waters-focal-area-study-2016

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ABOUT US: The Independent Evaluation Office (IEO) of the Global Environment Facility (GEF) has a central role in ensuring the independent evaluation function within the GEF. www.gefieo.org

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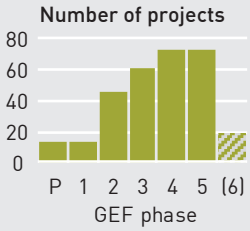
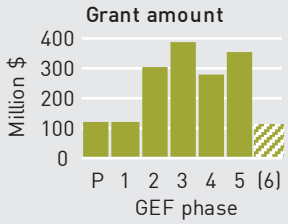
PORTFOLIO HIGHLIGHTS

296
projects

$1.68 billion
in grant funding

$10.38 billion
in cofinancing

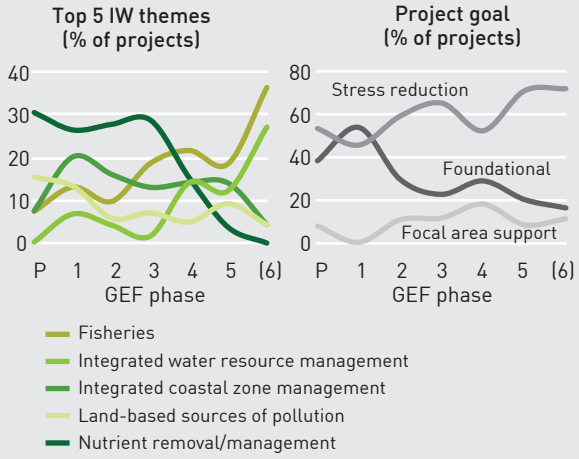




Project modality
82% full-size projects
18% medium-size projects

Top 3 agencies
33% UN Development Programme
32% World Bank Group
17% UN Environment Programme

Regional distribution
26% Africa
23% Asia
20% Global
19% Europe and Central Asia
13% Latin America & Caribbean



The emphasis in the GEF on more integrated actions provides a unique opportunity for focal areas to join forces and interact. There is substantial evaluative evidence that robust programmatic approaches are needed to address complex IW geographies and transboundary settings. The IW focal area can provide a valuable context for integration, specifically through the strategic action programs (SAPs) agreed upon by governments of countries sharing a waterbody, based on the science and systemic approach of transboundary diagnostic analysis (TDA).

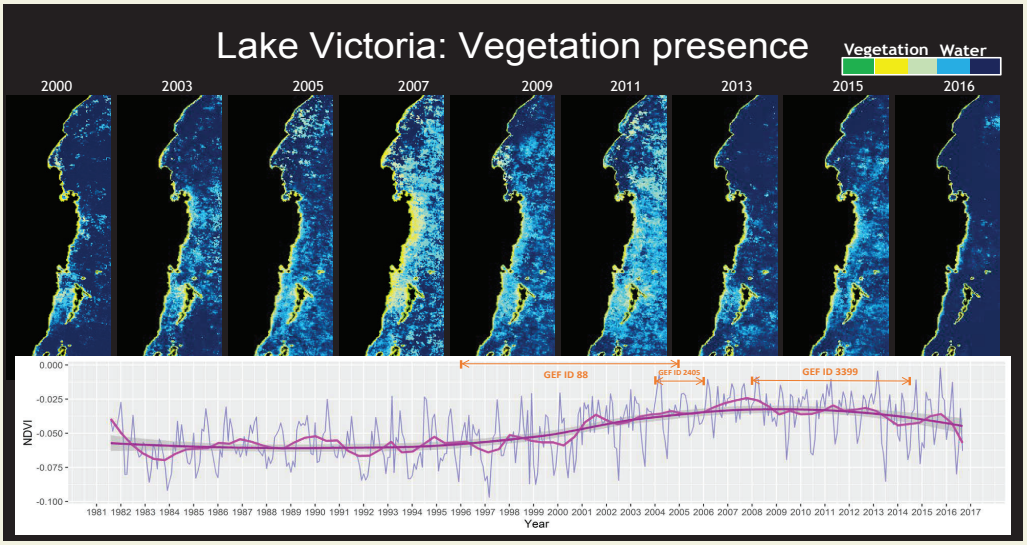
4. Promoting a collective response to global and regional agreements. While not serving any specific international agreement, IW focal area projects have provided important support to global and regional water-related agreements, from global conventions to programs of action and codes of conduct. This study has shown that, after the Convention on Biological Diversity and the Law of the Sea, the largest level of support by the IW focal area is dedicated to marine fisheries–related agreements, followed by the Global Program of Action and treaties related to freshwater, small island developing states (SIDS), habitats, and navigation.

HISTORY

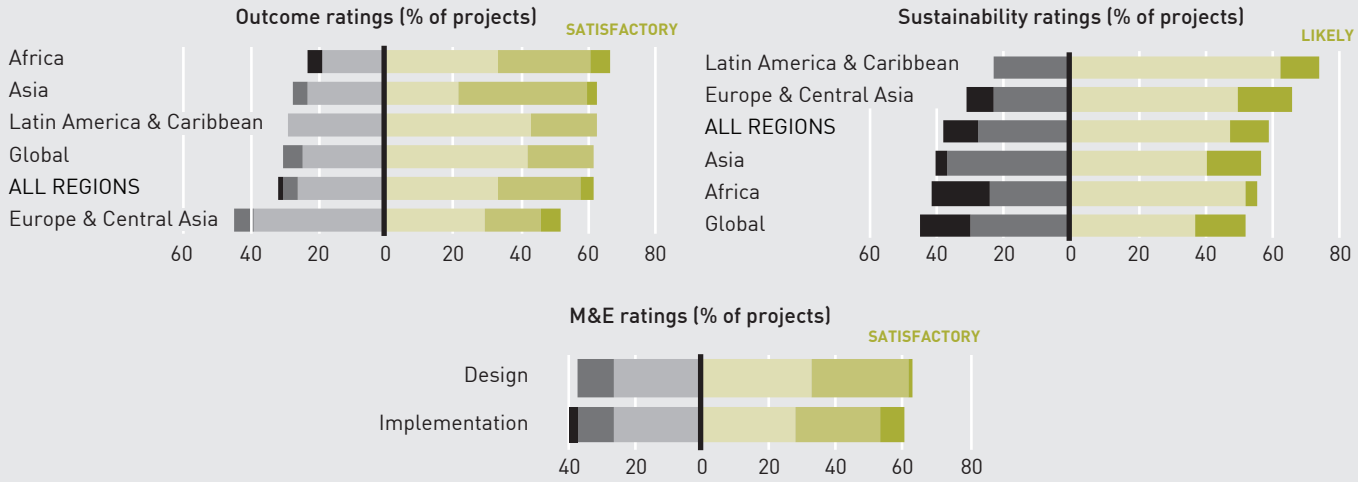
The 1995 Operational Strategy for International Waters was built on experience gained during the GEF pilot phase. During its 12 years of implementation, the 1995 IW Strategy was able, among other things, to establish the TDA-SAP process, thus setting the foundations for cooperation in a number of transboundary waterbodies. In 2006, there was a GEF-wide shift from the single-project interventions that dominated the overall GEF portfolio to a more programmatic focus. In this context, the IW focal area—independent from convention guidance and not subject to the country allocation system—defined a set of four strategic programs for GEF-4 supporting the achievement of two long-term objectives: (1) to foster international, multistate cooperation on priority transboundary water concerns, and (2) to

CASE STUDY

Remote sensing analysis demonstrates positive environmental change in Lake Victoria, influenced by three GEF–World Bank projects. Invasive water hyacinth spread across the lake since 1988, putting the economic and food security of millions at risk. Three consecutive projects (from 1996–2015) used various control methods against the infestation. Remote sensing analysis shows that lake vegetation has entered a declining phase since 2008.



PERFORMANCE HIGHLIGHTS



catalyze transboundary action addressing water concerns. Notably, the portfolio expanded its geographic coverage to new transboundary waterbodies, and moved progressively from foundational work to stress reduction measures related to SAP implementation. The focal area also expanded the use of innovative funding modalities tested during previous cycles.

The GEF-5 IW Strategy built on earlier foundational capacity and stress reduction work and encouraged scaling-up national and local action. For the first time, the strategy called for action to protect living marine resources in the high seas, or areas beyond national jurisdiction. However, this growth in overall scope was not matched with increased funding; thus, adding new fields of intervention was to the detriment of other, sometimes more important and better tested, areas. During the implementation period of the strategy, several projects were multifocal, in response to the call for more integrated approaches made by the GEF Council over time. The major focus of the GEF-5 portfolio was fisheries.

The strategy adopted for the IW focal area during GEF-6 emphasizes water-related planetary boundaries and environmental tipping points. The GEF-6 IW Strategy is in line with the priorities and guidance of the SDGs.

RESULTS

Satisfactory performance. Seventy-four percent of the completed projects in the IW portfolio have outcome ratings in the satisfactory range. This performance is similar to ratings reported across all GEF focal areas. Sixty-two percent of projects have sustainability ratings of moderately likely or higher, based on the likelihood of project benefits continuing past project closure. This figure is similar to sustainability ratings across all GEF completed projects.

Fifty-three percent of rated projects have monitoring and evaluation (M&E) design ratings in the satisfactory range, and 56 percent have satisfactory M&E implementation ratings. While these figures are slightly lower than the M&E ratings for the overall GEF portfolio, the differences are not statistically significant.

Highlights of achievement. Particularly exemplary features of the IW focal area are the high level of projects that result in broader adoption of outcomes (67 percent), its demonstrated ability to leverage cofinancing (with a 1:6 ratio of GEF grant to realized cofinancing), and its stepwise long-term approach to transboundary cooperation.

GEF support in this focal area has contributed to the rehabilitation of the Black Sea dead zone; the adoption of the Ballast Water Convention on Alien Species (to enter into force in 2017), the Pacific Tuna Treaty, and the Guarani Aquifer Agreement; and demonstration projects that have led to the formulation of the Stockholm and Minamata Conventions, among others.

A catalyst for integration. The IW focal area follows a stepwise, long-term ecosystem-based approach to build transboundary cooperation and restore and protect transboundary waterbodies. This, together with its reliance on science and knowledge management, and its systemic view of the many interconnected variables controlling water, place the focal area in a unique position as a catalyst for integration.

ISSUES TO ADDRESS

1. **Limited funding.** The portfolio shows a trend in increasing investments in stress reduction, accompanied by a decrease in investments in foundational projects addressing new transboundary water bodies. One possible explanation is that the funding envelope (the actual allocation to projects) declined in real terms. This funding constraint has been noted in every GEF overall performance study conducted to date, and all contain recommendations to expand IW funding in view of its high relevance and satisfactory results.

2. **Coordination across focal areas.** Solutions to transboundary water concerns identified in the SAPs require national actions in multiple dimensions and GEF focal areas. The IW focal area, through its ecosystem approach and TDA-SAP consensus-building process, provides countries with the framework needed to direct part of their investments of GEF System for Transparent Allocation of Resources (STAR) funds where they are most needed to balance transboundary water uses. The programmatic approach funding modality is particularly suited

to facilitate the joining of forces of focal areas in the implementation of IW SAPs. The GEF portfolio, however, does not show progress in this area.

3. Portfolio imbalance. The IW portfolio evolution over time has led to an unbalanced situation between freshwater and marine projects, with a marked prevalence of GEF investments in marine projects, particularly those related to fisheries. The dominance of marine and ocean investments may limit the ability of the IW focal area to assist countries in facing the challenges posed by climatic variability and water scarcity affecting the more vulnerable populations.

4. Funding project preparation. Fostering cooperation among riparian/littoral countries of shared waterbodies presents a number of hurdles that delay or even prevent action altogether. Among them is the important investment of resources that goes into project or program preparation, when an Agency has to bring countries together and help them agree to join forces around difficult issues, as is often the case with scarce freshwater in downstream contexts. Preparation of a project identification form (PIF)/ program framework document (PFD), not being funded, is a high-risk operation for Agencies, which may tend to favor more predictable contexts for action. This lack of flexibility hinders IW work where it would be most needed, such as in areas of conflict or scarcity, or where upstream/downstream and sovereignty issues are more crucial.

5. Engaging the private sector. There has traditionally been much interest in involving the private sector in IW projects both as a major stakeholder in water resources and as a source of additional funding. Results so far have not been encouraging. The latest IW conference explored ways to further deepen relationships with the private sector.

6. Participation in the partnership. All Agency representatives interviewed in this study called for a revitalization of the GEF partnership and greater participation in developing strategies. Agencies reported they are not involved in strategic planning and that, with the expansion of the number of Agencies, the dynamics of the IW Task Force have changed and it should accordingly adjust its coordination functions.

LOOKING AHEAD

- **Highlight relevance and science in project concepts.** Include an expanded explanation of strategic fit in project concepts, as well as a section illustrating project adherence to existing regional and global agreements and its contribution to implementation of their provisions and the achievement of the SDGs. In designing projects, make use of science-based baseline conditions and related simple, measurable indicators. Description of the baseline and indicator logic could be part of project concepts, to be detailed quantitatively at the project endorsement stage.

- **Emphasize flexibility in cooperation.** Exercise flexibility in considering the best ways to create an enabling environment for cooperation in areas of higher water stress or political transboundary tension. Support should not be denied to those countries willing to cooperate, and a step-by-step approach should be adopted to bring all countries to the table.

- **Document achievements.** The history and achievements of completed projects, together with the experiences gained and the lessons learned from them, should be fully captured in a final report produced by the project team.

- **Support and attention should be given to a new generation of TDAs planned as part of the ongoing phase of IW:Learn.** The design should adopt a systemic approach and involve multiple focal areas; unravel water nexus conflicts under climate scenarios; and incorporate social, economic, local, national, and regional dimensions and gender equality conditions based on sex-disaggregated data.

- **Ensure sufficient time and support to build capacity for action on new priority areas.** Innovations and improvements introduced in IW strategies should either be permanent or be allowed to develop their impacts on the portfolio for an extended period of time beyond the four-year duration of replenishment cycles.

- **No new themes should be added without a concurrent increase in the focal area allocation.** One way to prepare the ground for action on new priority themes in terms of resources and capacity would be to start by funding a project, possibly of a multifocal area nature, to assess the characteristics, needs, global relevance, and focal area implications of any new priority, and thus provide solid inputs for decision making and resource planning.

- **Support for PIF/PFD preparation.** Consideration should be given to providing financial support for the preparation of PIFs and PFDs in complex, multicountry contexts such as those characterizing many IW projects, particularly foundational ones.

- **Foster integration within the GEF and better coordinate with STAR programming.** Several measures could be considered in this regard:

  — Invite GEF focal area representatives and the major global conventions to react to proposed IW strategic priorities well in advance of their adoption.

  — In future IW strategies, reference the points of view and shared priorities of the various conventions, paving the way for consultations on major IW initiatives at the national level with convention focal points.

  — Apply the comprehensive set of SDG indicators of land cover, land productivity, and carbon stocks in IW programmatic approaches, as these are being considered for adoption by all three major multilateral environmental agreements.

  — Promote dialogue with countries, relevant conventions, focal areas, and donors on establishing priority environmental status indicators as part of foundational IW projects. This could be associated with the periodic updating of TDAs.

IEO BRIEF

Chemicals and Waste Focal Area Study

Independent Evaluation Office
GLOBAL ENVIRONMENT FACILITY

This first comprehensive GEF IEO study of the CW focal area looks at GEF grant funding for activities involving POPs, ODS, mercury, and—more generally—sound chemical management.

FINDINGS

1. **Highly relevant.** The GEF's CW focal area has evolved through the GEF-4, GEF-5, and GEF-6 phases to remain highly relevant; this includes its expansion to cover new global priorities such as mercury and its consolidation by embracing synergies between chemicals issues. Ambitious Sustainable Development Goal (SDG) targets related to environmentally sound management of chemicals and waste make the focal area of increasing relevance and importance. Numerous reviews—including this study—have found this focal area to cohere with the guidance of the Stockholm and Minamata Conventions for which the GEF serves as a financial mechanism, as well as to support the goals of related agreements, including the Strategic Approach to International Chemicals Management (SAICM), the Basel and Rotterdam Conventions, and the Montreal Protocol.

2. **Satisfactory performance.** GEF projects in the CW focal area have largely performed on par with projects in other focal areas in terms of achievement of outcomes and quality of implementation and execution. Performance data indicate potential challenges with regard to the sustainability of persistent organic pollutant (POP) results and the outcomes, sustainability, and quality of implementation of multicountry projects.

3. **Scaling-up results need improvement.** CW projects are paying increased attention to financial and institutional mechanisms for scaling up in GEF-6, but lessons learned from terminal evaluations suggest that this is an area for continued diligence and innovation. The terminal evaluation review found that, overall, CW projects have not sufficiently focused on approaches to scale up or replicate project successes, particularly at the national level. Many completed projects have demonstrated the collection and destruction of POPs and reduced environmental stress in a relatively straightforward manner, but have not succeeded in setting in place sustainable strategies and financial mechanisms for results scale-up. As the GEF's portfolio looks toward unintentional POPs (UPOPs), mercury, and other emerging chemicals issues, it is critical to ensure that a strategy for legacy POPs be articulated.

PURPOSE AND METHODS: This study aims to provide insights and lessons for GEF-7. Its objectives are to assess the relevance of the chemicals and waste (CW) strategy to convention guidance, synthesize results and progress toward impacts, assess the approaches and mechanisms by which results have been achieved, assess the portfolio's efficiency and performance, and identify lessons learned and scaling-up opportunities. The study uses both quantitative and qualitative analytical methods and tools, including meta-analysis, portfolio analysis, 6 case studies, and 20 stakeholder interviews.

WEB PAGE: http://www.gefieo.org/evaluations/chemicals-and-waste-cw-focal-area-study

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ABOUT US: The Independent Evaluation Office (IEO) of the Global Environment Facility (GEF) has a central role in ensuring the independent evaluation function within the GEF. www.gefieo.org

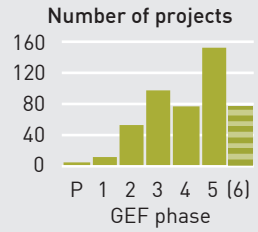
OPS6
SIXTH COMPREHENSIVE EVALUATION OF THE GEF

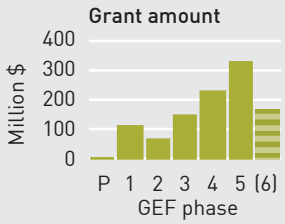
PORTFOLIO HIGHLIGHTS

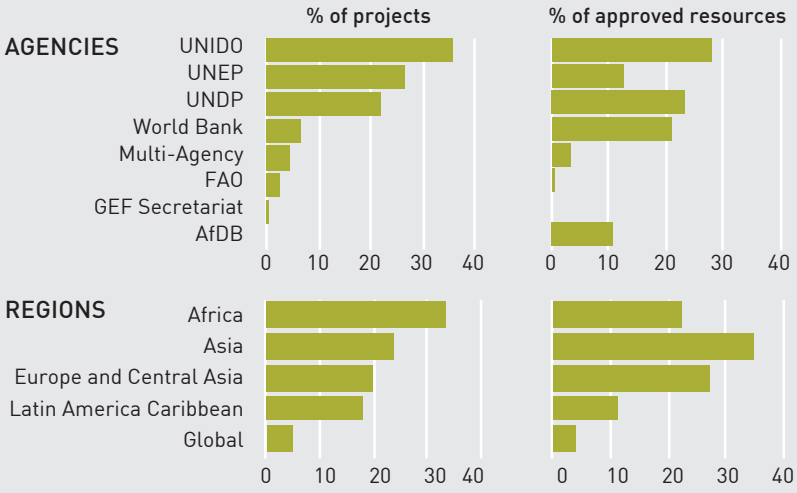
382
projects

$1.1 billion
in grant funding

$3.1 billion
in cofinancing







4. Challenges in sectorwide approaches. Promoting sectorwide approaches for chemicals and waste has proved a challenge for the GEF, given its mandate to address POPs and mercury, and not other heavy metals and toxic chemicals. Some multifocal area projects, such as the Sustainable Cities Integrated Approach Pilot, have focused on solid waste management more broadly, with benefits for climate change mitigation and other toxic substances.

5. Need for better results tracking. As a first attempt at comprehensively assessing the results of the CW focal area, this study faced some difficulties. Reliable data on the aggregate impact of closed CW projects in terms of tons of POPs, ozone-depleting substances (ODS), mercury, and other chemicals and related wastes phased out, reduced, or disposed were not consistently available. This shortcoming in the capacity of the GEF monitoring system deserves more attention moving forward. Also, long implementation timelines and frequent delays in project completion have made for a significant lag in the tallying of results and lessons learned.

6. An improved partnership. The partnership between the GEF Secretariat, the GEF Agencies, and the convention secretariats is generally seen as improved since the Fifth Overall Performance Study (OPS5). However, resource scarcity in GEF-6 has highlighted some concerns about actions contributing to an uneven playing field, including excess management of the GEF pipeline by the GEF Secretariat, active engagement by GEF management at the country level and perceived resulting preferential treatment, and a lack of transparency in the early stages of the GEF project cycle. These concerns suggest a need for further improvement in communications among the partner organizations—and that such improvement may be particularly important in the context of possible continued resource scarcity and a move toward more programs and integrated approaches.

HISTORY

The organization of GEF support for chemicals and waste has significantly evolved over time. The 1995 GEF Operational Strategy included an ozone program; this served as the basis for ozone programming for GEF-1 and GEF-2. In GEF-3, the GEF introduced a dedicated program for POPs. GEF-4 marked the beginning of explicit support for sound chemicals management through a cross-cutting strategic objective. Mercury was addressed to a limited extent in GEF-4 through a strategic program in the international waters focal area. In GEF-5, a Chemicals Strategy provided a unifying framework for support for the POPs and ODS focal areas, as well as for sound chemicals management and mercury. For GEF-6, the GEF Fifth Assembly created a single CW focal area, replacing the POPs and ODS focal areas.

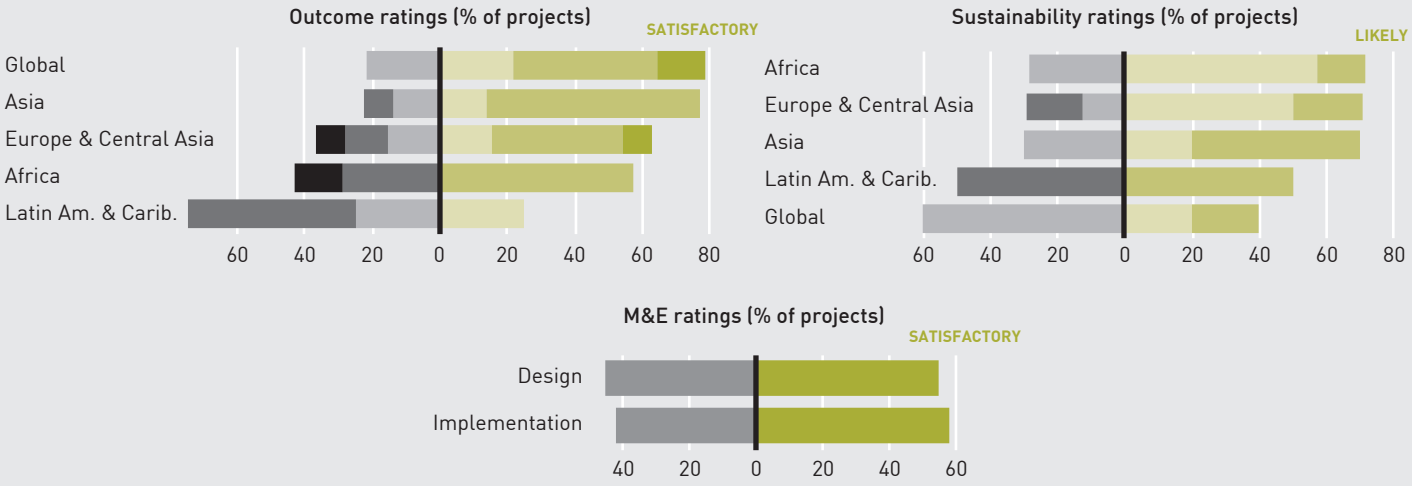
The GEF-6 CW Focal Area Strategy addresses similar core issues as in GEF-5, in a slightly more elaborated configuration. The GEF-6 strategy gives increased attention to mercury, which is covered under four of its six programs, consistent with the Minamata Convention's progress toward coming into force. In particular, Program 1 puts renewed emphasis on developing and demonstrating new tools and approaches; and Program 6 provides new, explicit support for regional approaches in least developed countries (LDCs) and small island developing states (SIDS).

RESULTS

Key performance trends. Fifty-four CW projects with terminal evaluations were reviewed. Of these, 78 percent—accounting for 81 percent of GEF CW funding—have overall outcome ratings in the satisfactory range; this is similar to ratings reported across all focal areas. On average, projects executed by government agencies had stronger performance than those by multilateral organizations, with the outcomes of 82 versus 68 percent rated in the satisfactory range. Outcome ratings have improved over time: from 60 percent of GEF-1 projects to 83 percent of GEF-4 projects rated as having satisfactory outcomes.

Sixty-two percent of CW projects, representing 64 percent of GEF CW funding, were accorded outcome sustainability ratings of moderately likely or above. This is slightly lower than the 67 percent so rated across all focal areas. The outcomes of 75 percent of ODS focal area projects were rated as likely to be sustained, compared to only 57 percent of POPs projects.

PERFORMANCE HIGHLIGHTS



Seventy-one percent of CW projects received quality of implementation ratings in the satisfactory range, with a higher percentage (84 percent) of projects so rated for quality of execution. In comparison, across the GEF portfolio, 72 percent of projects are rated as having satisfactory execution. While execution ratings have stayed relatively constant across phases, ratings on quality of implementation have improved: while 50 percent of projects received satisfactory implementation ratings in GEF-1, 85 percent were so rated in GEF-4.

Fifty-one percent of CW projects received quality of monitoring and evaluation (M&E) design ratings in the satisfactory range; a slightly higher percentage (59 percent) were rated in the satisfactory range for quality of M&E implementation. This performance is similar to ratings reported across all focal areas.

Progress toward impact. Fifty-six percent of CW projects showed evidence of environmental impact—specifically, stress reduction, which was primarily achieved through the disposal of PCBs and PCB-containing equipment and of POP pesticides, reduction of DDT-based production and use, introduction of best available techniques/best environmental practices to address UPOPs, and remediation of dioxin-contaminated hotspots. The majority of projects that did not show evidence of stress reduction were focused on capacity building, strategy or guideline development, or institutional strengthening. Projects showing evidence of impact were, on average, rated higher in terms of outcomes and likelihood of sustainability. All projects showing evidence of stress reduction included a demonstration or implementation component as part of the GEF's contribution.

Broader adoption and strategies for scaling up. Overall, CW projects have not sufficiently focused on approaches to scale up or replicate project successes. Less than a third of CW project terminal evaluations mention or evaluate strategies to scale up or replicate results. Among those discussing scale-up, half do not elaborate on specific strategies or identify specific instances of successful scale-up.

Sixty-eight percent of CW projects showed some evidence of broader adoption, most commonly mainstreaming. About a quarter of projects showed evidence of scale-up, often achieved through successful demonstration effects.

Twelve percent of projects showed some evidence of transforming markets; a few showed evidence of replication. It is possible that terminal evaluations are conducted too early to see much evidence of this latter adoption pathway.

Country ownership. The terminal evaluation review showed that all CW projects are appropriately aligned with national priorities, policies, and strategies. Recipient country governments have provided more cofinancing to CW projects than any other entity, including the private sector. Many projects with higher outcome and sustainability ratings identified strong country ownership and cofinancing as drivers of success.

Stakeholder engagement. Most terminal evaluations found stakeholder engagement to be sufficient—i.e., involving stakeholder groups appropriate for achieving the project objectives. Project case studies suggest that broad and meaningful engagement of stakeholders can contribute to successful outcomes.

Private sector engagement. More than 80 percent of CW projects with terminal evaluations engaged the private sector in some manner. Thirty-four percent of all CW projects have been cofinanced by the private sector. The GEF's ODS portfolio has been characterized by strong private sector engagement from project design through implementation, and private engagement was found to be a strong driver of success. GEF Agencies view the private sector as a core constituency for CW projects and important to sustainability. The types of private sector entities engaged vary based on project focus, but are primarily larger national and multinational corporations. Capacity building has been the dominant mode of engagement for private actors, evident in about three-quarters of the projects.

Gender considerations. The GEF's gender mainstreaming policy was not in force during implementation of any of the CW projects for which terminal evaluations were reviewed, and more than 60 percent of the terminal evaluations do not address gender. None of the terminal

evaluations include lessons learned related to gender considerations, and in fact several evaluators opined that gender was irrelevant. Terminal evaluations suggest that more education and awareness may be needed regarding the relevance and importance of gender in CW projects.

Multicountry projects. Compared to single-country projects, multicountry projects show lower rates of stress reduction (15 percent) and broader adoption (less than 40 percent for mainstreaming and 15 percent for scaling up). This finding partly reflects the fact that many multicountry projects have focused on capacity building, strategy development, and civil society participation, which may be seen as precursors to achieving impact. Terminal evaluation performance ratings suggest that sustainability is a particular challenge for multicountry projects.

Multifocal area projects and integrated approaches. With only 11 multifocal area projects with CW components approved since GEF inception (mostly collaborations with international waters and climate change), and none yet completed, experience is limited. In general, as other GEF IEO evaluations have pointed out, some institutional disincentives and challenges remain in pursuing multifocal projects. Also, Agencies continue to raise concerns on the burden of tracking tool reporting requirements for such projects.

ISSUES TO ADDRESS

1. Early involvement of the Secretariat. Agencies and convention secretariats noted improvements in the partnership with the GEF Secretariat since OPS5, including increased communication and clearer guidance. In GEF-6, the GEF Secretariat is strongly guiding resource use, including more upstream consultation with Agencies and countries to identify viable concepts. Some Agencies welcome this stronger management as a means of limiting time spent on developing concepts that may not be approved. On the other hand, some Agency and convention secretariat staff felt that the GEF Secretariat might at times be over-managing the pipeline—e.g., approaching a specific Agency to demonstrate a specific activity in a specific country, rather than letting needs flow from the countries through the Agencies and the GEF Secretariat, or selecting those countries that may most need support. While the actions of the GEF Secretariat do not go beyond its mandate, they may contribute to perceptions of an uneven playing field. Similar concerns were voiced about the Secretariat's increasingly active engagement at the country level, reflecting its reorganization into regional teams. Agencies felt that GEF management has occasionally made promises at the country level that have led to the development and inclusion in the work program of specific activities. In the context of reduced resource availability in GEF-6, these actions are perceived as preferential treatment.

2. Transparency of the project cycle. Interviews revealed concerns about the transparency of the project cycle for CW activities. These concerns are amplified by the scarce resources—and hence increased competition—for CW projects during GEF-6. On the first stages of project development, Stockholm Convention Secretariat staff expressed concern about the political consequences of Agency processes for filtering requests and deciding which projects to take up. Some countries complained to the convention secretariat that they cannot access the GEF or that some aspects of their priorities were not taken up. On the other hand, it is the role of the Agencies to help determine what country needs are consistent with the CW Focal Area Strategy and offer global environmental benefits and incremental costs that might be funded by the GEF, as well as to determine whether such needs are within an Agency's technical expertise and comparative advantage. Between project submission to work program inclusion, several Agencies felt the criteria for determining which projects to include were insufficiently clear.

LOOKING AHEAD

- **Scale-up strategies—particularly financial mechanisms to support private sector engagement and sustainability—should be better addressed during project design and implementation.** A more robust theory of change is needed for how the GEF's demonstration activities will catalyze broader action and impact in the CW focal area. This may involve the development of innovative private sector partnerships, economic instruments, and financial models; such efforts deserve continued support in GEF-7. In particular, the remaining legacy POPs should not be orphaned—especially given that cost, ownership, and other barriers are diminishing the efficacy of the demonstration effect for these projects. Different solutions will likely be required for LDCs and SIDS as opposed to middle-income countries.

- **The GEF may want to consider providing more support for broad-based regulatory reform and sectorwide approaches.** These could address chemicals and waste issues more holistically.

- **The GEF should not forget its ozone depletion program.** The ODS effort may have new relevance given the recent adoption of the Kigali Amendments to the Montreal Protocol. In the coming years, some countries with economies in transition may need support in meeting these obligations, and opportunities are likely to arise for multifocal collaborations with the climate change focal area, especially on energy efficiency.

- **The GEF's monitoring procedures deserve more scrutiny.** This finding was made apparent in light of the challenges this study faced in tallying verified focal area results. Tracking tools should be regularly submitted and clearly identified as annual or terminal submissions, and terminal results reported by indicator should match terminal evaluation values. Project proposals should consistently incorporate resources designated for M&E.

- **Communication among the GEF partners needs continued attention.** All aspects of communication should be transparent and collaborative, and country perspectives should drive the process. Suggestions to reduce pockets of confusion include (1) a more structured set of partnership planning meetings fostering ongoing dialogue on resource availability over the replenishment period, (2) focusing on priorities of strategic objectives and program areas, and (3) improved transparency in the project pipeline process.

IEO BRIEF

Land Degradation Focal Area Study

Independent Evaluation Office
GLOBAL ENVIRONMENT FACILITY

This comprehensive study covers GEF grant funding activities in agricultural lands, rangelands, degraded productive lands, desert lands, and combating deforestation and desertification.

FINDINGS

1. **Highly relevant.** The LDFA, more than other GEF focal areas, concentrates on tackling the local socioeconomic drivers of land degradation. Especially with partner agencies, like the multilateral development banks, which focus on improving the socioeconomic condition of beneficiaries, the LDFA is highly relevant. This GEF focal area is also highly relevant to country needs, with land degradation projects being the second most demanded of all GEF focal areas. Lastly, the LDFA's gradually alignment with the framework for land degradation neutrality supports United Nations Convention to Combat Desertification (UNCCD) development plans, which similarly are moving toward land degradation.

2. **Effective in producing global environmental benefits.** The VFM analysis shows there have been important reductions in fragmentation and forest and vegetation losses. LDFA projects increased the normalized difference vegetation index (NDVI) by 0.03 percent and reduced forest loss by 1.3 percent. The greatest returns begin about 4.5–5.5 years after projects begin, suggesting the need for longer time horizons to observe benefits. The estimated carbon sequestered was 43.52 tons of carbon per ha.

3. **Greater scope leads to greater benefits.** Multifocal area projects generally provide more substantial global environmental benefits than single-focal area projects. Case studies also demonstrate that projects that target the entire production chain, improving socioeconomic outcomes as well, provide greater sustainability in environmental outcomes. Results from completed projects also show a correlation between project funding and the subsequent project outcome and sustainability ratings. Projects with total funding ranging between $10 and 20 million consistently outperformed others.

4. **Monitoring and evaluation (M&E) tools could be strengthened.** Development of the Portfolio Monitoring and Assessment Tool (PMAT) is still recent (from GEF-5), and so needs further improvement, though it is now less cumbersome than it was in its original form. Yet, while still vital to improving the M&E system, this development does not address the fundamental problem, which

PURPOSE AND METHODS: The land degradation focal area (LDFA), established in 2002, combines the principles of a landscape approach and integrated ecosystem management to maximize the global environmental benefits of combating land degradation. This study aims to inform the GEF-7 replenishment process by evaluating the Global Environment Facility's (GEF's) LDFA based on evidence gathered. It derives lessons and insights on the relevance, efficiency, and effectiveness of the LDFA portfolio. It covers 485 LDFA projects through an analysis of the results of completed projects, quality at entry assessments, and 20 key informant interviews. It also includes a value for money (VFM) analysis of LDFA projects to understand the efficiency of GEF investments in this focal area.

WEB PAGE: http://www.gefieo.org/evaluations/land-degradation-focal-area-ldfa-study

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ABOUT US: The Independent Evaluation Office (IEO) of the GEF has a central role in ensuring the independent evaluation function within the GEF. www.gefieo.org

OPS6
SIXTH COMPREHENSIVE EVALUATION OF THE GEF

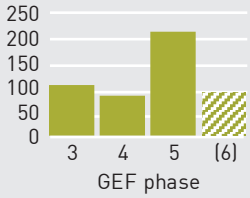
PORTFOLIO HIGHLIGHTS

237
projects

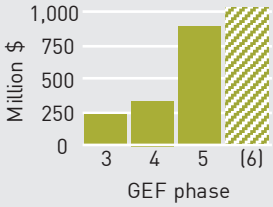
$630 million
in grant funding

$2.97 billion
in cofinancing

Number of projects*



Grant amount*

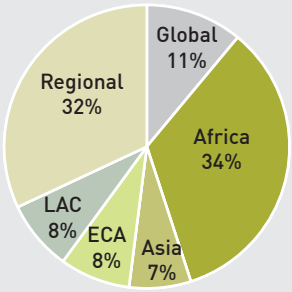


Top 3 agencies*
43% UN Development Programme
17% World Bank Group
17% UN Environment Programme

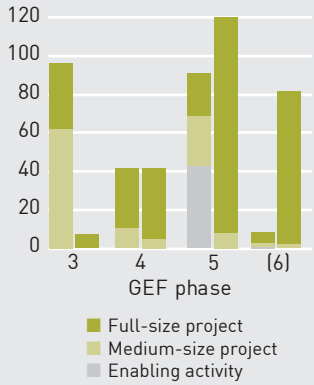
Regional distribution*
34% Africa
24% Asia
20% Latin America & Caribbean
13% Europe and Central Asia
7% Global
2% Regional

*Includes LDFA and multifocal projects.

Total GEF funding per region*



Number of LD-only and multifocal projects with an LD component



is that the M&E system does not currently track long-term project outcomes. Often, these long-term outcomes would occur many years after the completion of a project—such as reforestation, an inherently long process. The ramifications of this hinder the GEF's ability to dissemination lessons learned and best practices to countries and development partners.

HISTORY

From the GEF's inception to GEF-3 in 2002, land degradation was viewed as a "linkage activity" cutting across the climate change, biodiversity, and international waters focal areas. To actively combat land degradation, which was somewhat sidelined when working toward other focal areas' respective goals, the LDFA came into being in GEF-3 with almost $400 million in investments and roughly $1 billion in cofinancing. GEF-4 later saw the LDFA expand, shifting from land degradation projects solely at the national level to more regional/multicountry projects. Also moving away from stand-alone land degradation projects, more programmatic approaches during GEF-4 led to additional cofinancing of $2.3 billion. During GEF-5, the LDFA was directly linked to the UNCCD's 10-year strategy as one of the financing mechanisms for the UNCCD.

During this time since GEF-3, the LDFA has steadily increased the number of lead Agencies it partners with on projects, rising from 6 during GEF-3 to 12 in GEF-5; with more institutions and broader mandates, there are more ways to combat land degradation.

So far in GEF-6, the LDFA has trended toward using a multifocal area approach in project designs. Moreover, more projects are targeted at the entire supply chain, addressing areas such as improved market access, policy reforms, private sector engagement, and knowledge generation to promote sustainability and resilience in food value chains. Consistent with findings from the VFM analysis, targeting the entire supply chain tends to be a more efficient investment. The LDFA Strategy in GEF-6 is gradually pushing into the framework of land degradation neutrality, which the UNCCD Secretariat sees as essential to its post-2018 development strategy.

RESULTS

Relevance. The LDFA's relevance is evident in three areas: (1) with regard to the mandates of the GEF partner Agencies; (2) concerning country needs in all regions, especially Africa; and (3) in light of the UNCCD's shift toward land degradation neutrality.

Along with other Agencies, the multilateral development banks' main objectives are related to reducing poverty. As such, most of their environmental programs are designed with the objective of improving the socioeconomic condition of beneficiaries. More than the other GEF focal areas, the LDFA concentrates on tackling the local socioeconomic drivers of land degradation. As a result, the LDFA is often less obvious about producing global environmental benefits than other focal areas, but is the most relevant focal area to some of the GEF's strategic partners.

The greatest number of LDFA projects and the most funding is in Africa. This reflects the fact that the African continent faces the greatest risks from land degradation. The LDFA is also highly relevant to country needs. An analysis of the GEF Small Grants Programme (SGP), which allocates small donations to civil society organizations, shows that LDFA projects are in much higher demand than its actual GEF funding would suggest. Currently, the LDFA receives the least resources of the five GEF focal areas, but is the second highest demanded focal area among civil society organizations in the SGP.

The LDFA lags the UNCCD in moving toward land degradation neutrality. The UNCCD, in line with the Sustainable Development Goals (SDGs), is making a major shift in focus toward achieving land degradation neutrality through the restoration of productive lands that have been degraded. It is targeting the restoration of 500 million ha of these lands. The LDFA has shown some indications of moving toward this direction, but will need to make more efforts to be consistent with the UNCCD Secretariat's future development plans.

Performance. Terminal evaluations have been completed for 76 land degradation–related projects, all of them initiated during GEF-3 or GEF-4. Overall, 78 percent of land degradation–related projects received satisfactory ratings on their outcomes; this was slightly less than the

GEF overall average of 83 percent. Of the 46 completed projects with terminal evaluations from GEF-3, 35 (approximately 76 percent) performed satisfactorily. From GEF-3 to GEF-4, improvement is observed in overall project performance, with 24 of 30 (80 percent) completed projects rated as satisfactory. This is likely due to the dissemination and use of knowledge across projects and to better design, especially as more multifocal area projects are planned and executed. Average execution quality and average implementation quality are rated high; and LDFA projects generally have higher environmental, institutional, and political sustainability ratings as compared with financial sustainability ratings.

Effectiveness. The study demonstrates several critical factors that determine the effectiveness of LDFA projects. Larger projects and programmatic approaches with sustained presence are more likely to be effective. Enhancing the entire production chain and improving market access and the productive capabilities of project beneficiaries improve environmental, social, and economic outcomes. Third, improved incomes from sustainable land management is an important motivator for the local population to continue to reduce land degradation even beyond the project timeline. The Sustainable Land Management Project in the semi-arid northeast of Brazil focused on improvements throughout the production chain and increased household incomes by at least 55 percent above the poverty line.

CASE STUDY: INDIA'S SUSTAINABLE LAND AND ECOSYSTEM MANAGEMENT COUNTRY PARTNERSHIP PROGRAM (SLEM-CCP)

Launched in 2009, the $327.8 million SLEM-CCP (GEF funding: $27.3 million; cofinancing: $300.5 million) consisted of six subprojects located in the dryland zone, which is vulnerable to the degradation of land, water, and forest resources that is likely to be intensified by climate change. The program's main objectives included enhancing institutional and local adaptive capacity to improve land and ecosystem resilience; reversing and controlling biodiversity loss while taking into account climate risks; and mainstreaming and upscaling SLEM at the local, national, and regional levels.

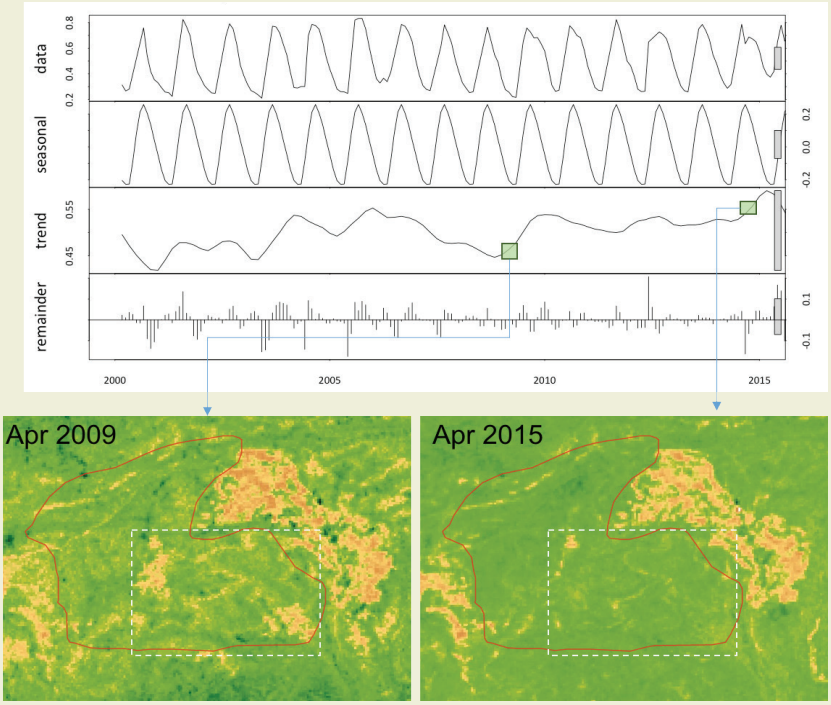


Figure: Time series plot shows increase in vegetation productivity since the subproject started in Madhya Pradesh (upper panel). The vegetation productivity maps before the start of the project and around the end of the project shows restored areas (lower panel).

Integrated Land Use Management to Combat Land Degradation in Madhya Pradesh was one of the six SLEM-CCP subprojects. It was implemented in an area of 15,000 ha of degraded bamboo forests in five districts in Madhya Pradesh. The area faced serious soil erosion and moisture retention issues. Land management in the area was based on traditional subsistence agriculture, and productivity was low, causing many people to migrate to nearby urban areas.

The main project intervention involved allotting 20 ha of degraded areas for four years (5 ha/year) to each beneficiary family residing near these forests. Families received a monthly remuneration of approximately $40 for weeding, cleaning congested bamboo clumps, and soil work in order to rehabilitate the degraded bamboo forests. The money was directly deposited in their bank accounts. Supporting activities for sustainable land management included vermicomposting, weed removal, water management, and techniques such as the use of mesh for moisture retention. The subproject also provided occupational training and support for livelihood diversification activities for establishing vegetable gardens and making furniture from bamboo and *lantana*, an invasive species.

Results indicate that the vegetation cover in the area improved over the project period. The average vegetation index (NDVI) in 2015 increased about 10 percent compared to 2009 levels. The vegetation significantly improved inside the project area compared to areas outside the project boundary. Field visits and stakeholder perspectives corroborate that SLEM interventions improved land management and helped in the regeneration of bamboo forests in the area. From a socioeconomic perspective, the subproject had positive outcomes in terms of establishing decentralized decision-making and planning processes, and enhancing community participation in managing and rehabilitating degraded bamboo forests. However, while the initiative helped build local skills, diversify income-generating opportunities, and improve livelihoods, the majority of project beneficiaries noted that the project had had only "some" impact on their incomes.

The Sustainable Land Management to Combat Desertification in Pakistan project had several positive outcomes: it achieved most targets, was flexible and adopted a participatory approach, and government ownership was demonstrated through cofinancing from provincial governments. However, a resource envelope of $4.6 million to cover the entire country was ambitious, and impacts were limited.

Value for money. A VFM analysis was carried out by the GEF IEO to better understand the effectiveness of LDFA investments. The analysis aimed to (1) identify the causal impacts from LDFA projects along three land degradation indicators (forest cover change, forest fragmentation, and vegetative productivity), and (2) determine the VFM from these LDFA projects.

LDFA investments lead to positive impacts on UNCCD targets. Projects reduced forest loss by 1.3 percent relative to the global mean forest loss of 2.4 percent. LDFA projects increased average forest patch size by 0.25 km^2 relative to the global mean of 7.3 km^2. And projects increased the NDVI by roughly 0.03 percent relative to an average NDVI of 0.55.

The value of a dollar spent on LDFA projects fluctuated greatly depending on the year and indicator being measured, but the analysis did reveal several important findings. First, it seems that the greatest project returns begin 4.5–5.5 years after project inception. LDFA projects tend to have greater impacts in areas with poor initial environmental conditions. Projects closer to urban areas are generally less effective in achieving impacts on the three environmental indicators. The dollar return, considering only one ecosystem service—i.e., carbon sequestration—is $1.08 per dollar invested.

Regional results on the different indicators vary more. Projects in Latin America and the Caribbean, Oceania, and North and South America generally have positive impacts on all three indicators; those in Asia and Africa generally lacked positive impacts on forest fragmentation, but made positive impacts on the other two indicators.

ISSUES TO ADDRESS

1. Combating the underlying drivers of land degradation is constrained by current conceptualizations. The LDFA needs to do more to combat the underlying drivers of land degradation but is constrained by the need to deliver global environmental benefits as currently conceptualized. Certain drivers of land degradation are rarely targeted by GEF projects because they are not ostensibly global or environmental. Some of these drivers include land tenure issues, urbanization, and population dynamics. The links between local socioeconomic characteristics and global outcomes are well recognized. Still, project document analysis shows that underlying socioeconomic drivers of land degradation are less frequently targeted than the natural proximate causes, and it is often the socioeconomic benefits that generate the greatest environmental outcomes and sustainability.

2. Land degradation neutrality. With only 10 percent of LDFA projects focusing on rehabilitating productive lands, and the rest of the projects having no restoration component or focus on restoration of forested lands, the LDFA will need to make a major shift toward land degradation neutrality to remain relevant to the UNCCD.

3. M&E system. The fundamental issue in the M&E system of not tracking the long-term outcomes of projects beyond the project timeline negatively affects the GEF's ability to gain insights into LDFA outcomes to further update and improve LDFA projects. An analysis of completed projects highlights this problem, as the long-term benefits still have yet to be observed for recently completed projects.

To track the global environmental benefits of LDFA projects, GEF Agencies are required to complete the PMAT, which helps report outcomes to the UNCCD and enhances accountability. However, the PMAT was only made available during GEF-5, so it cannot track projects that started before then. Moreover, difficulty in using the PMAT has discouraged project managers from using it. Although changes have been made to make the tool more pragmatic, it makes it even more difficult to gather additional data, such as quantifying the local and human benefits of LDFA projects. While continuous improvement of the tracking tool will bolster M&E efforts with recent LDFA projects, this needs to be complemented by postcompletion monitoring to better understand the long-term impacts of LDFA projects.

LOOKING AHEAD

- **Restoring degraded productive lands.** The LDFA should consider a greater focus on restoring degraded productive lands than is currently the case. Such an approach is cost-effective and in line with the UNCCD's movement toward achieving land degradation neutrality. Noted a Chief Liaison Officer with UNCCD, "With the SDGs, the UN has brought second life to the UNCCD; therefore, it is crucial for the GEF to step up funding to meet these land degradation neutrality targets."

- **Sustainable livestock management.** As global populations grow, so does the demand for pasture-raised meat. Overgrazing can lead to land degradation. The LDFA should recognize the economic potential of sustainable livestock management and the threats livestock pose to land degradation.

- **Links between socioeconomic outcomes and global environmental benefits.** Socioeconomic outcomes in turn contribute to higher environmental returns and reduce the underlying drivers of land degradation. Once these links are more clearly established in projects, it will help support the targeting of the entire production chain and other underlying drivers of land degradation, such as insecure land tenure.

- **Interrelationships with other factors.** THE LDFA is highly relevant to distressed emigration hotspots, particularly in Africa. While neither land degradation nor drought are primary drivers of conflict or forced migration, they may exacerbate the risk of conflict or intensify existing conflicts. Preexisting economic and political challenges, intergroup tensions, and livelihood insecurity increase vulnerability, forcing migration. These factors should be reflected in programs. Resilience should be given due consideration.

- **Monitoring.** The LDFA should consider mainstreaming the indicators proposed by the UNCCD's Land Degradation Neutrality Framework. Socioeconomic outcomes should be included.

IEO BRIEF

Climate Change Focal Area Study

Independent Evaluation Office
GLOBAL ENVIRONMENT FACILITY

More than 10 years since the last climate change focal area study, the GEF IEO is looking at the relevance, results, and performance of GEF climate change support.

The global landscape for climate change finance has evolved significantly since the GEF become the first operating entity of the Financial Mechanism of the United Nations Framework Convention on Climate Change (UNFCCC) in 1996. New institutions such as the Climate Investment Funds (CIF) and the Green Climate Fund (GCF) have been established with pledged amounts that far exceed those of the GEF. The designation of the GCF as a second operating entity of the Financial Mechanism is a particularly important milestone in the UNFCCC climate finance architecture. Recently, the 21st Conference of the Parties (COP) to the UNFCCC gave both the GEF and the GCF important roles in implementing key aspects of the Paris Agreement.

As the GCF builds its portfolio of climate investments, there is a risk for overlap between the scope of its activities—focused on mitigation, adaptation, and the private sector—and the activities funded by the GEF, the Least Developed Countries Fund (LDCF), and the Special Climate Change Fund (SCCF), as well as activities financed outside the framework of the UNFCCC. And yet, as the recent Fifth Review of the Financial Mechanism of the UNFCCC noted, duplication may not be the greatest concern, given that substantially more climate finance is necessary than is currently provided through all of these climate funds combined.

The GEF's added value has especially been in policy and regulatory reform to support public and private climate investment, piloting technologies and business models to promote broader scale-up, strengthening public and private institutional capacity, and providing grant and concessional financing to lower the risks of project financing schemes and facilitate their implementation. Other evaluations have highlighted the complementarity of GEF support with other funds. For example, in Ukraine, GEF grants to develop the regulatory framework for renewable energy and feed-in tariffs complemented financing from the Clean Technology Fund (CTF) and the European Bank for Reconstruction and Development (EBRD) to support a direct lending facility.

The GEF has also been unique among climate funds in its ability to finance multifocal area and multifund projects, such as those that combine the objectives and funding of the LDCF and SCCF with the GEF Trust Fund focused on CCM. For example,

PURPOSE AND METHODS: The purpose of this study is to provide insights and lessons for GEF-7 based on evidence from an analysis of the climate change portfolio, terminal evaluations of completed projects, mapping of convention guidance to the GEF-6 strategy and programming, interviews with stakeholders, and case studies. The main objectives of the study are to assess the relevance and comparative advantage, performance, results, and lessons learned through Global Environment Facility (GEF) support to the issues of climate change mitigation (CCM) and climate change adaptation.

WEB PAGE: http://www.gefieo.org/evaluations/climate-change-focal-area-study

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ABOUT US: The Independent Evaluation Office (IEO) of the GEF has a central role in ensuring the independent evaluation function within the GEF. www.gefieo.org

OPS6
SIXTH COMPREHENSIVE EVALUATION OF THE GEF

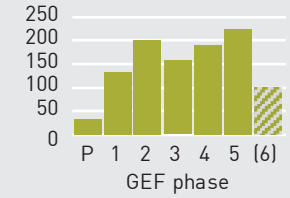
PORTFOLIO HIGHLIGHTS

1,042
projects

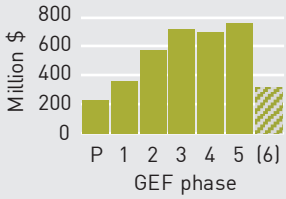
$3.6 billion
in grant funding

$35.1 billion
in cofinancing

Number of projects



Grant amount

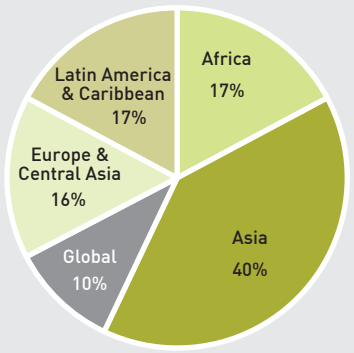


Project modality
88% full-size projects
6% medium-size projects
6% enabling activities

Top 4 Agencies by number of projects
54% UN Development Programme
16% World Bank Group
11% UN Environment Programme
8% UN Industrial Development Organization

Top 4 Agencies by amount of funding
39% World Bank Group
31% UN Development Programme
7% UN Industrial Development Organization
6% UN Environment Programme

Total approved GEF resources by region*



*Does not include multifocal projects.

the Poznan Strategic Programme on Technology Transfer was programmed with $35 million from the GEF Trust Fund and $15 million from the SCCF. To date, 20 multi-trust fund projects have been approved.

PRELIMINARY FINDINGS

1. High level of relevance to convention guidance. The GEF-6 Climate Change Focal Area Strategy is highly responsive to UNFCCC guidance. Although convention guidance on CCM programming issues relevant for the GEF Strategy continues to be comparatively sparse, the GEF-6 Strategy largely responds to that given.

The GEF has also been responsive to guidance issued after the finalization of the GEF-6 Strategy. In particular, a new Capacity-Building Initiative for Transparency (CBIT) Trust Fund was established in September 2016, in response to the request from the COP at its 21st meeting in November-December 2015. To date, four projects totaling $4.1 million in GEF grants have been approved.

2. Satisfactory progress toward impact, with significant differences by project focus, region, and size. The terminal evaluation review found that about three-quarters of GEF climate change projects show evidence of environmental impact at project closure, although in some projects the extent of greenhouse gas (GHG) reduction impacts was marginal.

Some evidence of broader adoption of technologies, approaches, and strategies tested by GEF projects was observed in more than 80 percent of the terminal evaluations reviewed. The most frequently achieved mechanism for broader adoption was mainstreaming (in 70 percent of projects), which takes place when information, lessons, or specific results of GEF interventions are incorporated into broader stakeholder mandates and initiatives such as laws, policies, regulations, or programs. Scale-up and replication were noted in approximately 40 percent and 30 percent of projects, respectively. A recent impact evaluation of the GEF's mitigation portfolio in China, India, Mexico, and Russia found that projects demonstrating a high level of progress toward impact are those that have adopted comprehensive approaches to address market barriers and specifically targeted supportive policy frameworks.

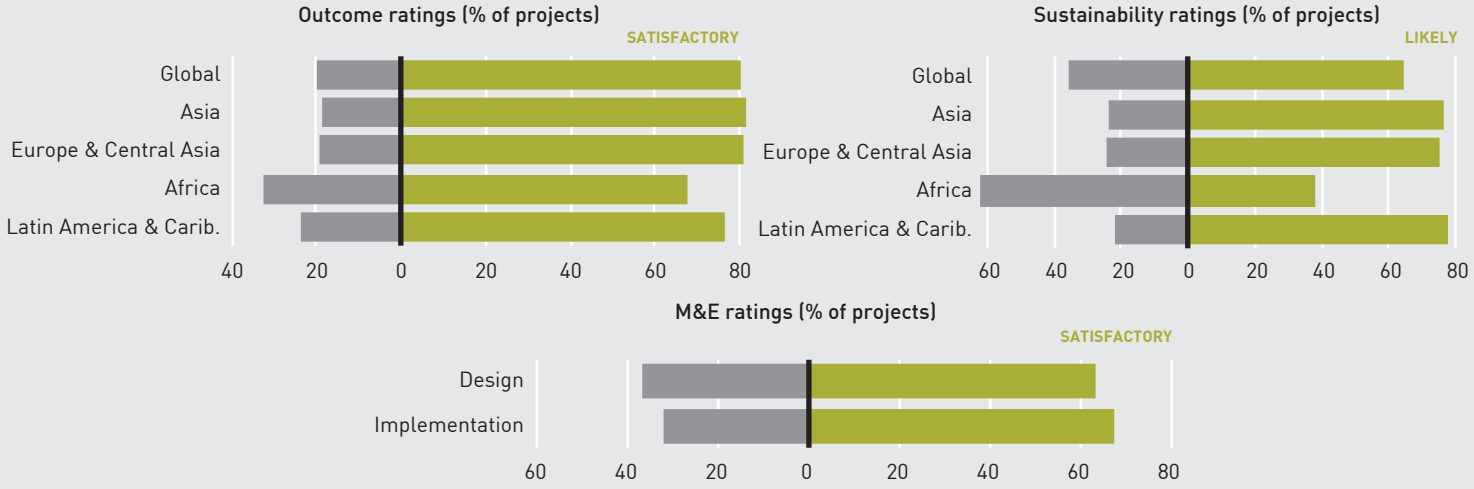
The greatest progress toward impact has been made within the energy efficiency portfolio, where projects more frequently achieved direct GHG reduction impacts and market change, compared to projects focused on renewable energy and sustainable transportation. Projects in Africa and Latin America and the Caribbean showed less evidence of broader adoption through all four pathways (mainstreaming, scaling-up, replication, and market change). Lower achievement of environmental impact and fewer instances of broader adoption were also observed for medium-size projects as compared to full-size projects.

3. An important role in strengthening the enabling environment for scaling-up climate investments. GEF climate change projects have frequently focused on developing and proposing legal and regulatory measures to address CCM (84 percent of projects reviewed), public and private sector capacity building (76 and 80 percent, respectively), and reducing information barriers and supporting market change through raising awareness of key stakeholder groups (98 percent). The GEF is sometimes the first to tackle policy barriers as a key cornerstone of the enabling environment, as in the sustainable transport sector in Dushanbe, Tajikistan.

In countries where laws have been drafted or amended with GEF support, substantial results have been achieved. For example, in Vietnam, where the GEF assisted with the National Strategy for Urban Lighting, 25 provinces developed regulations on public lighting, and electricity consumption for public lighting decreased by about 2 percent between 2010 and 2014–16. In Kazakhstan, where the GEF supported the Law on Energy Saving and Energy Efficiency Improvements, the government allocated $62 million to improve energy efficiency in residential buildings from 2011 to 2014, resulting in the renovation of heating systems in 1,000 residential buildings.

4. Substantial private sector engagement compared to other focal areas. The climate change focal area has been the most engaged with the private sector of all GEF focal areas. Two-thirds of the projects in the private sector portfolio are in the climate change focal area, amounting to 63 percent of the GEF's total investment in the private sector. The climate change focal area has also been more successful in mainstreaming private sector engagement in GEF projects:

PERFORMANCE HIGHLIGHTS



the terminal evaluation review found that 80 percent of closed projects included activities focused on building private sector capacity, and a third of projects also provided direct assistance to support private sector entities (e.g., in piloting technologies). Private sector entities have also provided a significant amount of cofinancing for climate change projects: 42 percent of total cofinancing. More than half of all CCM full- and medium-size projects have had private sector cofinancing. Strategies for engaging the private sector have included the use of nongrant instruments to help build public-private partnerships, working with multilateral development banks to promote financing, and supporting small and medium enterprise innovation and entrepreneurship through the United Nations Industrial Development Organization (UNIDO) Global CleanTech Programme, among others.

5. Shifting to multifocal area (MFA) approaches. Climate change priorities have increasingly been addressed through MFA projects, including those that did not receive funding from the climate change focal area. Approved resources for MFA projects as a percentage of total approved CCM resources grew from 2 percent in GEF-3 to 26 percent in GEF-4 and 47 percent in GEF-5.

The climate change focal area has consistently had the lowest percentage of MFA projects (18 percent in GEF-5), despite having seen the greatest increase in funding allocation. At the same time, 87 percent of MFA projects that did not receive climate change funding tracked climate change–related indicators, suggesting that climate change priorities are being indirectly addressed through MFAs without significantly affecting the resources of the larger climate change portfolio. Consequently, the GEF's contribution to climate change–related global environmental benefits may be greater than that achieved by activities financed by the climate change focal area.

HISTORY

The GEF's strategy for its CCM programming has evolved considerably over time. The GEF Operational Strategy (1995) and operational programs that served as the basis for programming for GEF-1 and GEF-2 emphasized removing barriers to broader adoption of energy efficiency and renewable energy technologies. GEF-3 strategic priorities began to shift the focus upstream toward creating conducive policy and market environments for technology diffusion.

The emphasis on market transformation and market-based approaches continued into GEF-4. The GEF-4 focal area strategy included new programs for promoting sustainable energy production from biomass and the management of land use, land-use change, and forestry (LULUCF), and moved away from GEF support for off-grid renewable energy and low-GHG-emitting energy technologies, noting that past projects in these areas had achieved less-than-desired results. Later, in response to a COP-14 decision on the development and transfer of technology, the GEF launched the Poznan Strategic Program on Technology Transfer that involved support for technology needs assessments and financing priority pilot projects on the transfer of environmentally sound technologies.

The GEF-5 climate change focal area strategy retained the focus on market transformation, but expanded beyond the creation of an enabling environment for such transformation to promoting investment, particularly for renewable energy modalities. The GEF-5 objectives also renewed support for off-grid renewable energy projects, expanded the scope of urban transport support to include integrated approaches to promote low-carbon cities, and expanded the LULUCF program. The GEF-5 strategy also began to specifically identify support for small island developing states (SIDS) and least developed countries and for the GEF's strategic role in the emerging carbon market. Support for innovation and technology transfer also continued under GEF-5.

The GEF-6 climate change focal area strategy addresses many of the same core areas as GEF-5, but in a different configuration that focuses more on the GEF's models of influence rather than sectors or technologies. The GEF-6 strategy focuses on three objectives: promoting innovation, technology transfer, and supportive policies and strategies (CC1); demonstrating systemic impacts of mitigation options (CC2); and fostering enabling conditions to mainstream mitigation concerns into sustainable development strategies (CC3). Funds are also set aside for convention obligations and enabling activities. The

GEF-6 strategy also features a stronger emphasis on integrated approaches, innovative measures (such as performance-based incentives), and links and complementarity with other initiatives and climate funds.

RESULTS

Performance. These preliminary findings are based on analysis of 278 completed CCM projects for which terminal evaluation reports have been completed and submitted to the GEF IEO.

Approximately 77 percent of completed projects in the CCM portfolio have overall outcome ratings in the satisfactory range. This performance is comparable to the average rating of 75 percent reported across all focal areas in the most recent annual performance report (APR 2015). Overall outcome ratings for CCM projects have steadily improved over time. Success rates were highest in Asia with 82 percent of outcome ratings in the satisfactory range, followed by Eastern Europe and Central Asia with 81 percent. Success rates were lowest in Africa (68 percent) and Latin America and the Caribbean (76 percent). By theme, projects with adaptation, biomass, and energy efficiency components performed better on average than projects with renewable energy, transport, or other components.

Approximately 68 percent of projects for which ratings are available (n = 265) have sustainability ratings of moderately likely or higher, based on the likelihood of project benefits continuing past project closure. This figure is comparable to sustainability ratings across all completed GEF projects (67 percent). Overall sustainability ratings also showed general improvement over time. Success rates were highest in Latin America and the Caribbean (78 percent), Asia (76 percent), and Eastern Europe and Central Asia (75 percent); and significantly lower in Africa (38 percent). By theme, projects with biomass, energy efficiency, and adaptation components had higher sustainability ratings on average; projects with transport and renewable energy had lower sustainability ratings.

Highlights of impact achievement and transformational change. Recent evaluations of GEF CCM activities have found evidence of significant impacts in countries with some of the largest GEF climate change portfolios, as well as evidence of transformational projects in the climate change focal area. Sixteen of the 18 projects assessed in China, India, Mexico, and Russia resulted in significant direct GHG emissions reduction impact; of these, four dominated in terms of making significant contributions to GHG avoidance, three of which were in China.

The First Phase of the China Renewable Energy Scale-up Program (CSREP-I), approved in 2005, was particularly transformational. The programmatic, sectorwide intervention combined a $40.2 million GEF grant supporting development of the legal, regulatory, and policy framework to stimulate demand for renewable energy and build a strong renewable energy equipment manufacturing industry with two World Bank loans ($87 million and $86.3 million) supporting pilot investments in four participating provinces. Five years after the project's close in 2011, the project performance assessment report concluded that it had made a substantial contribution to transforming China's renewable energy sector from an early piloting and demonstration stage into a global leader in wind energy generation and the manufacture of wind power equipment. A recent impact evaluation of GEF CCM support also found causal links to scaling-up project impacts rooted in the project's capacity-building efforts and establishment of government policies. A key driver of success was the multiple-component approach combining institutional development and capacity building, technology improvement (addressing quality and quantity), and investment activities in a single intervention. The project worked with a wide range of stakeholders to achieve consensus about policy reforms and comprehensive market change.

Other examples of significant achievements from closed projects with high outcome and sustainability ratings follow.

- **Energy Efficiency Policy in Africa.** The Removal of Barriers to Energy Efficiency and Conservation in Buildings in Mauritius project had sustainable project achievements at the policy level, including passing a far-reaching Energy Efficiency Act into law in 2011 and helping establish an independent Energy Efficiency Management Office under the Ministry of Energy and Public Utilities. These accomplishments, including establishing a feed-in-tariff, helped the project exceed its GHG emissions reduction target.
- **Renewable Energy Development in Latin America.** The Uruguay Wind Energy Program made transformational contributions to positioning and developing wind power as a renewable energy source for electricity generation in Uruguay. The project was highly successful in removing legal and regulatory barriers to wind development, as well as in building public and private sector capacities to implement such investments. Technological barriers were overcome by operationalizing wind-measuring equipment and an information management system. Installed capacity was triple the project target, with substantial GHG emissions avoided.
- **Sustainable Transport in Eastern Europe.** The Gdańsk Cycling Infrastructure Project changed the way of thinking about cycling and cycling facilities both in Gdańsk and at the national level in Poland. The success of the project in Gdańsk motivated neighboring cities, including Sopot, Gdynia, and Tczew, to create their own cycling plans. It also led to the Gdańsk Multiyear Investment Programme, a cycling investment project with plans for construction and modernization of 130 km of cycling paths.

LOOKING AHEAD

- Sustained focus on the e**nabling environment**, including capacity building and legal, policy, and regulatory measures to support market transformation, as areas where the GEF has shown strong results and a comparative advantage.
- Continued attention to **strategic engagement of the private sector**, in particular as a mechanism for replicating and scaling-up project results.
- Greater consideration to **ensuring broader adoption of technologies**, approaches, and strategies tested by GEF projects in African and low-income countries, as well as in projects focused on renewable energy and sustainable transport.
- Further identification and pursuit of **synergies with other funds** (e.g., LDCF, SCCF, CIF, and GCF) and focal areas.

IEO BRIEF

Project-Level Accomplishments

Independent Evaluation Office
GLOBAL ENVIRONMENT FACILITY

This brief looks at the accomplishments of completed GEF projects in terms of outcomes, sustainability, implementation, M&E, and cofinancing.

FINDINGS

Overall, performance ratings of completed GEF projects show an improvement from GEF-3 to GEF-4. While it remains to be seen whether this uptick in ratings is stable, as only 39 percent of the approved GEF-4 projects have been covered so far, it may be said that the performance of the GEF-4 projects is either as high as or higher than that of projects from the preceding periods. Following are the key emerging findings.

- The **outcomes** of 85 percent of the rated projects from GEF-4, and 79 percent of those from the OPS6 cohort, are rated in the satisfactory range.
- The majority of completed projects are rated likely for **outcome sustainability**. Seventy-one percent of the rated projects from GEF-4, and 63 percent of those from the OPS6 cohort, are rated moderately likely or higher.
- The GEF Agencies perform their Implementing Agency role satisfactorily for a high percentage of projects. Eighty-eight percent of the rated projects from GEF-4, and 79 percent of the rated projects of the OPS6 cohort, were rated in the satisfactory range on **quality of project implementation**.
- The performance of completed projects was moderate in terms of **quality of project M&E**. Sixty-nine percent of rated projects from GEF-4, and 62 percent of rated projects from the OPS6 cohort, were rated in the satisfactory range for M&E implementation.
- **Cofinancing** commitments are met for the majority of completed projects, and on average, the reported materialized cofinancing exceeds promised cofinancing, especially for projects approved from GEF-2 onwards. Cofinancing commitments were fully met for 62 percent of the completed projects from GEF-4 and 56 percent of the OPS6 cohort projects.

HISTORY

The GEF IEO has been tracking project-level accomplishments systematically since 2005. An overview of the performance of completed projects, along with targeted analysis on other performance-related topics, is presented in the APRs prepared by the IEO. Much of the

PURPOSE AND METHODS: The annual performance reports (APRs) prepared by the Independent Evaluation Office (IEO) of the Global Environment Facility (GEF) provide a detailed overview of the performance of GEF activities and processes, key factors affecting performance, and the quality of monitoring and evaluation (M&E) systems within the GEF partnership. The work for APR 2016 has been mainstreamed as an input to the Sixth Comprehensive Evaluation of the GEF (OPS6). The work is still ongoing, and this brief presents emerging findings on some of the performance dimensions.

WEB PAGE: http://www.gefieo.org/evaluations/project-results-study

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ABOUT US: The IEO of the GEF has a central role in ensuring the independent evaluation function within the GEF. www.gefieo.org

OPS6
SIXTH COMPREHENSIVE EVALUATION OF THE GEF

NOTE ON METHODOLOGY

The analysis presented in this brief draws on terminal evaluation review data. These terminal evaluation reviews have been prepared by the GEF IEO or the independent evaluation offices of the GEF Agencies. The terminal evaluations submitted to the GEF IEO up to October 31, 2016, have been taken into account. In all, 1,184 completed GEF projects for which terminal evaluations are available have been covered.

To assess performance trends, the analysis is based on the GEF replenishment periods during which the completed projects were approved. Special attention is given to the performance of GEF-4 projects, as this is the most recent period for which a sizable percentage of approved projects (39 percent) have been covered. Only nine projects from GEF-5—or 1 percent of the projects approved during GEF-5—have been covered; thus, the observations for GEF-5 are too few to allow thorough analysis and have therefore not been reported separately. Figures are also presented for the 581 projects for which terminal evaluations were submitted after the Fifth Overall Performance Study (OPS5)—i.e., the OPS6 cohort. However, the OPS6 cohort includes several projects from the GEF-3 and earlier periods.

analysis presented in the APR is based on review of terminal evaluations.

OPS6 includes data on completed projects for which terminal evaluations had been submitted as of October 31, 2016. In all, 1,184 completed GEF projects—which account for $5.2 billion in GEF funding—are included. The long time series of completed projects covered in OPS6 allows a replenishment period–based analysis. Given that only a few of the GEF-5 projects and none of the GEF-6 projects have been completed, the reporting presented in this brief focuses on GEF-4 and preceding periods.

RESULTS

Outcomes. The extent to which a project achieves its expected outcomes is indicative of the extent to which GEF expectations from the project were met and whether the project is on course to meet its long-term objectives. Outcomes of 73 percent of the rated projects from the pilot phase were rated in the satisfactory range. This increased to 80 percent for the GEF-1 period; thereafter, it was stable at this level up to the GEF-3 period. Outcomes of 85 percent of the rated GEF-4 projects are in the satisfactory range.

Seventy-nine percent of the OPS6 cohort projects had satisfactory outcome ratings (n = 577 projects). Considering the three original **GEF Agencies** and the OPS6 cohort, 85 percent of 71 rated projects implemented by the United Nations Environment Programme (UNEP), 84 percent of 262 rated projects implemented by the United Nations Development Programme (UNDP), and 67 percent of 175 rated projects implemented by the World Bank are rated in the satisfactory range. The outcomes of 87 percent of 46 rated projects implemented by other Agencies are also rated in the satisfactory range, while 70 percent of 23 rated jointly implemented projects are in the satisfactory range.

A decline in ratings in World Bank projects has been noted in recent APRs. One key reason for the drop is more stringent application of rating criteria by the Independent Evaluation Group of the World Bank, whose ratings are adopted by the GEF IEO, from 2010 to 2014. Further, within the World Bank–implemented projects, there is a significant difference in the ratings of blended versus nonblended projects. In a blended project, a GEF project grant and accompanying World Bank loan are processed as a single project; in nonblended projects, the World Bank processes a GEF project grant and the accompanying World Bank loan (cofinancing) as separate projects. Outcomes of 61 percent of blended projects (n = 101) and 80 percent of nonblended projects (n = 286) implemented by the World Bank are rated in the satisfactory range. As more GEF projects implemented by other GEF multilateral development bank Agencies are completed, it will be feasible to compare patterns in their GEF portfolios with that observed in the World Bank's GEF portfolio.

By **region**, in both the Europe and Central Asia region and the Latin American and Caribbean regions, outcomes of 81 percent of projects are rated in the satisfactory range (out of 99 and 106 rated projects, respectively). In both the Asia region and globally, the outcomes of 83 percent of projects are rated in the satisfactory range (out of 146 and 52 rated projects, respectively). Outcomes of 72 percent of projects implemented in Africa are rated in the satisfactory range (n = 174), which is lower than in the other regions.

Of the **focal areas** represented in the OPS6 cohort, outcomes of 85 percent of the rated biodiversity projects (n = 199), 82 percent of chemicals projects (n = 38), 81 percent of multifocal projects (n = 72), 77 percent of climate change projects (n = 165), 72 percent of land degradation projects (n = 47), and 64 percent of international waters projects (n = 47) are rated in the satisfactory range.

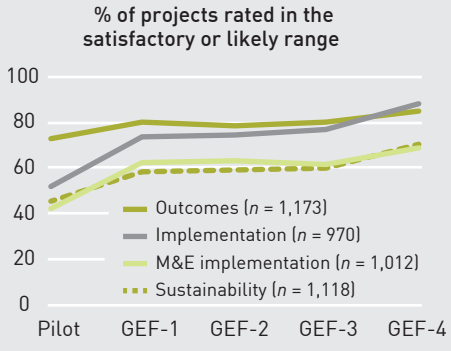
The land degradation focal area was introduced in GEF-3, and has maintained similar ratings for the two replenishment periods for which data are available: 76 percent for GEF-3 projects (41 rated projects) and 77 percent for GEF-4 projects (26 rated projects). The low portfolio ratings for the OPS6 cohort of international waters projects is driven by a greater than expected percentage of terminal evaluations for low-performing projects from the GEF-2 and GEF-3 periods. When the data for the entire portfolio are taken into account, the outcome ratings for international waters projects show a decline from the pilot phase (88 percent of 7 projects) to GEF-3 (67 percent of 42 projects). The outcome ratings of international waters projects show an uptick for the GEF-4 period: 83 percent are rated in the satisfactory range (n = 30).

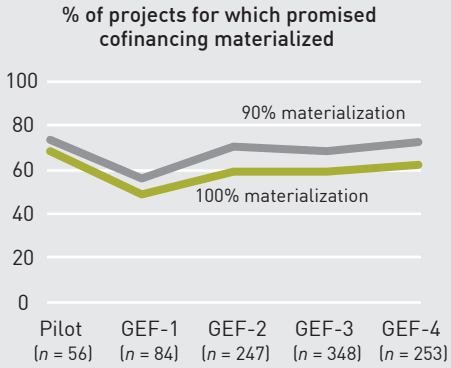
Sustainability. GEF support to a project ends when project implementation is completed. Thereafter, sustenance of project outcomes primarily depends on other actors and contextual factors. To rate sustainability of outcomes, the GEF IEO assesses risks to sustainability of project outcomes at the point of project completion. Compared to the projects from the preceding periods, a higher percentage of completed GEF-4 projects (69 percent) are rated moderately likely or higher on sustainability of their outcomes.

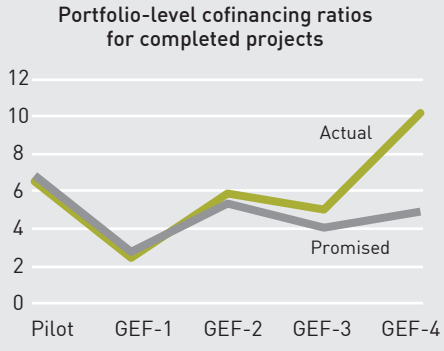
Of the 545 rated projects of the OPS6 cohort, 63 percent were rated moderately likely or higher. This is comparable to the long-term average of 62 percent for the entire rated GEF portfolio (n = 1,118).

At the cumulative portfolio level, projects implemented in Latin America and

PERFORMANCE HIGHLIGHTS







the Caribbean have the highest sustainability of outcome ratings, with 69 percent of projects rated moderately likely or higher (n = 231); projects implemented in the Europe and Central Asia and Asia regions are comparable, with outcome sustainability of 67 percent of 218 rated projects and 65 percent of 269 rated projects, respectively, rated as moderately likely or higher. Fifty-eight percent of the 105 rated projects implemented globally have sustainability ratings of rated moderately likely or above. Only 50 percent of the 295 rated projects implemented in Africa were so rated. As noted in APR 2015, projects in Africa are implemented under difficult conditions where capacity constraints and institutional and financial risks tend to be higher than in other regions.

Implementation. GEF Agencies are expected to prepare and supervise GEF projects; they are expected to follow GEF fiduciary standards, safeguards, and policies; and, when required, take timely corrective action to keep the project on track. Assessment of quality of implementation takes into account how well an Agency performed its role.

There is a substantial improvement in quality of implementation from the pilot phase, when 52 percent of the 54 rated projects were rated in the satisfactory range, to the GEF-4 period, when 88 percent of the rated 286 projects were rated in the satisfactory range. There is an 11 percent improvement from the GEF-3 to the GEF-4 period. As noted earlier, the figures for GEF-4 may drop as data for more projects that are still under implementation become available. Even so, it is likely that the ratings will remain higher than for preceding replenishment periods.

Seventy-nine percent of the projects in the OPS6 cohort are rated in the satisfactory range on quality of implementation (n = 547); this is identical to the long-term rated portfolio average (n = 970). Eighty-eight percent of 286 rated GEF-4 projects were rated in the satisfactory range for quality of implementation. By GEF Agency for GEF-4 projects, 97 percent of UNEP-implemented projects (n = 39), 88 percent of UNDP-implemented projects (n = 179), 83 percent of World Bank–implemented projects (n = 35), and 85 percent of those implemented by other Agencies (n = 33), were rated in the satisfactory range.

Project monitoring and evaluation. M&E is essential for ensuring that project activities are on track, providing project management with information required for adaptive management, and fostering accountability and learning at the project and higher levels. Like the trends on other performance indicators, ratings for project M&E also show an improvement for the GEF-4 period. The percentage of projects for which M&E implementation is rated in the satisfactory range is higher for GEF-4 than GEF-3 projects: 69 versus 62 percent.

Of the 546 rated projects of the OPS6 cohort, 62 percent were rated in the satisfactory range for M&E implementation. This is similar to the long-term average of 64 percent of projects rated in the satisfactory range (n = 1,012).

Cofinancing. For the majority of completed GEF projects, cofinancing promised at Chief Executive Officer (CEO) endorsement/Approval materializes during project implementation; from GEF-2 onwards, portfolio average materialized cofinancing has been higher than promised. From GEF-2 on, cofinancing commitments were fully met or exceeded for at least 59 percent of projects; at least 68 percent of projects received 90 percent or more of their cofinancing commitments. The data on promised cofinancing for the pilot phase to GEF-4 projects show fluctuations, as portfolio averages tend to be skewed by outliers.

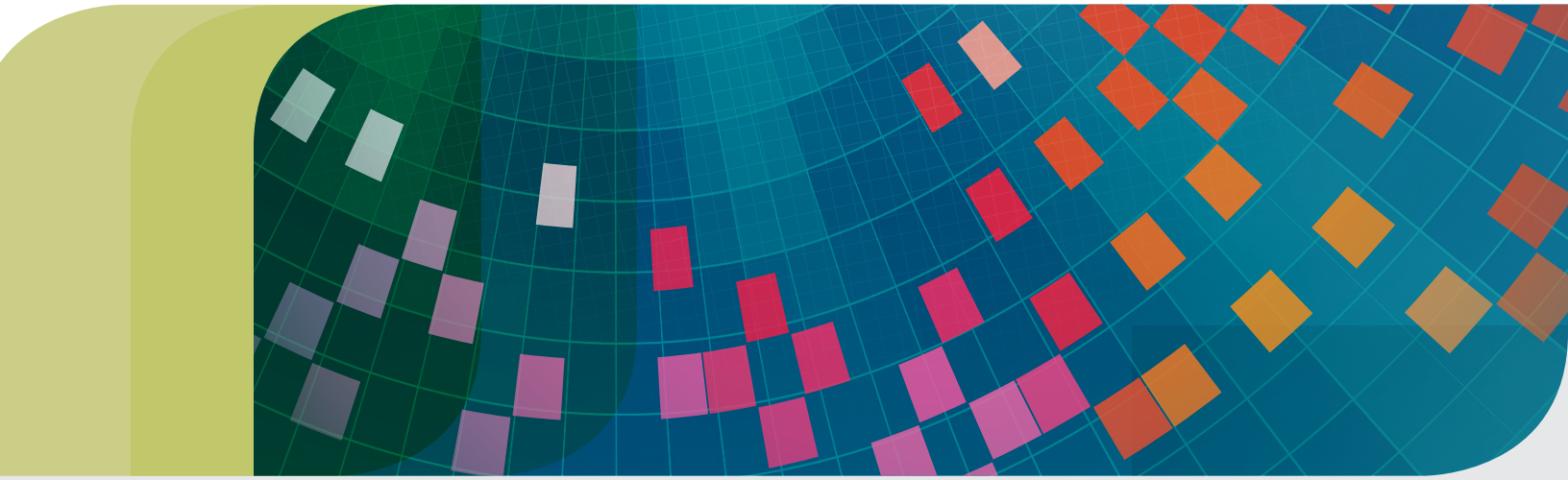
ISSUES TO ADDRESS

OPS6 analysis on project performance is still ongoing. Based on the analysis conducted so far, it may be said that GEF projects demonstrate solid performance in terms of outcome achievements, quality of implementation, and meeting their cofinancing commitments. Performance in terms of sustainability of outcomes and M&E implementation is moderate. The analysis also shows that performance of the completed GEF-4 projects is somewhat higher than that of projects from earlier replenishment periods—albeit with variations in the performance ratings by focal area, Agency, region, and country group. These need to be analyzed further along with factors that cause variations in performance to distill firm conclusions from the data.

IEO BRIEF

Joint GEF-UNDP Evaluation of the Small Grants Programme (SGP)

Independent Evaluation Office
GLOBAL ENVIRONMENT FACILITY



This evaluation examines SGP effectiveness in meeting its objectives and identifies areas of improvement going forward into the next operational phase.

FINDINGS

1. High performance. The SGP is successful in producing benefits at multiple levels. SGP grants support projects that have high levels of success in securing global environmental benefits in both mature and newer program countries. The program's objective during OP5 was to secure global environmental benefits through community-based initiatives and actions. Often, SGP projects make contributions toward combating poverty and improving livelihoods while making progress on global environmental benefits. In approximately 85 percent of the projects visited by this evaluation, these positive influences have been confirmed. Expectations of the SGP achieving some form of broader adoption of grant outcomes (mainstreaming, up-scaling, or replicating) began to emerge with the introduction of the upgrading policy. Although not a requirement, replication and scaling-up occurred at a local scale. The SGP deserves recognition for its contribution to results that extend beyond the project level.

2. Gender mainstreaming and women's empowerment. Since 2006, the SGP has undertaken several steps to promote gender mainstreaming—designing projects and policies to ensure gender equality as an outcome—and women's empowerment. The results are evident on the ground, with women gaining access to microcredit, time-saving technologies, better access to water and energy, and more.

3. Upgrading criteria need revisiting. Conclusions and recommendations of a 2008 joint GEF-UNDP evaluation of the SGP produced a concept of graduation that was defined in an upgrading policy. This upgrading policy began with two criteria that were not comprehensive enough to avoid upgrading countries that were not optimal for graduation, or let countries with optimal conditions for upgrading slip through. Further criteria were added for the sixth operational phase, but this issue is still not adequately addressed, as the same problems persist.

4. Improve monitoring and evaluation (M&E). Despite important progress since 2008—particularly at the global level—the

PURPOSE AND METHODS: This evaluation of the SGP covers 2008 to the present, with a particular focus on the fifth operational phase (OP5). It is a joint effort of the Global Environment Facility (GEF) and the United Nations Development Programme (UNDP) Independent Evaluation Offices (IEOs), and provides insights and lessons to make the upcoming operational phase more effective. The evaluation is based on a portfolio review of global databases; interviews with central-level SGP stakeholders; and 12 country studies encompassing focus groups, interviews, site visits, and documentation review. Altogether, 50 evaluations and 30 country program strategy documents were reviewed, and 48 percent of 2,449 surveys sent to stakeholders in 124 countries received responses.

WEB PAGE: http://www.gefieo.org/evaluations/joint-gef-undp-evaluation-small-grants-programme-sgp-2015

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ABOUT US: The IEO of the GEF has a central role in ensuring the independent evaluation function within the GEF. www.gefieo.org

OPS6
SIXTH COMPREHENSIVE EVALUATION OF THE GEF

M&E system has significant gaps and weaknesses at the national and project levels. Moreover, emerging issues such as addressing poverty, gender, broader adoption, and trade-offs place additional burdens on M&E systems. The issue is not a lack of resources, but rather a need for a sharper focus and better use of existing M&E resources.

HISTORY

The GEF created the SGP in 1992 with the explicit aim of developing community-led and -owned strategies and technologies for reducing threats to the global environment—concerning biodiversity loss, mitigating climate change, and protecting international waters—while addressing livelihood changes. The SGP is a corporate GEF program implemented by UNDP. The United Nations Office for Project Services (UNOPS) provides financial and administrative support to the program, and a global Central Programme Management Team (CPMT) provides supervision and technical support to program country activities.

The principle strategy of the SGP is to provide small grants up to a maximum of $50,000 to needy communities to support the use of practices and techniques that benefit the global environment. Since start-up, the SGP has provided over 18,000 such grants to communities in more than 125 countries. In line with the overall GEF strategic approach, funds under the SGP are also used for related capacity development, M&E, knowledge management, scaling-up and replication, and project management.

The SGP was not initially designed to be permanent, and there were sunset provisions established for the duration of each country program. The intent was to graduate country programs after a period of time, in order to create budget space for new countries as well as to encourage partner governments to take greater initiative on their own to support the environmental protection efforts of local government and civil society organizations (CSOs). Following a 2008 joint GEF-UNDP evaluation of the SGP, the program became a permanent modality of the GEF, and the concept of graduation was further defined in an upgrading policy. Upgraded country programs were to be treated as a GEF full-size project (FSP) and funded through the general GEF program budget. Additionally, financial limits were placed on all SGP country programs to avoid squeezing out other GEF priorities.

The overall objective of the SGP during OP5 was to secure global environmental benefits through community-based initiatives and actions. An aim during OP5 was to expand coverage to 136 countries. The total GEF funding allocated to the SGP is $288.28 million. Beyond GEF funds, total SGP cofinancing mobilized at the time of grant approval was $345.24 million from diverse sources. OP5 was designed to contribute to the following GEF focal areas: biodiversity, climate change, land degradation, international waters, chemicals, and cross-cutting capacity development.

RESULTS

Delivering global environmental benefits. Evidence collected in the countries visited by the evaluation team indicates that SGP grants continue to support projects that have high levels of success in securing global environmental benefits in both mature and newer program countries. A total of 144 grant projects in 11 countries were visited and assessed with respect to their relevance, effectiveness, and efficiency. Most (77 percent) grants led to moderate successes in line with designed goals for each project.

Over the last several years, around 60 percent of GEF projects have demonstrated a likelihood to be sustainable. A similar proportion of SGP projects demonstrate the same potential sustainability. Of the remainder, 37 percent of projects face significant risks to their sustainability.

The evaluation team verified several examples of broader adoption during 12 country visits. None of the visited SGP country programs had a specific strategy for broader adoption, yet many achievements appear impressive. Most examples relate to replication and scaling-up, although there are also examples of mainstreaming, including policy influence. There are only a few cases of scaling-up or replication through full- or medium-size GEF projects. Survey responses showed appreciation for the efforts of national coordinators promoting broader adoption.

Poverty and livelihoods. The SGP has given significant attention to community-level benefits and livelihoods, and this attention is yielding positive results (figure 1). The design and actual results of 115 grant projects implemented in eight countries were examined for their contribution to community livelihoods. With respect to design, 38 percent of sampled projects explicitly sought to benefit poor, marginalized, or vulnerable communities and to contribute to improving their livelihoods. Another 37 percent aimed to contribute to the livelihoods of the local populations, without focusing on particular groups. Of the sampled projects, 85 percent demonstrated some contribution at the community level toward improving livelihoods. In many cases, this contribution came in parallel with contributions to global environmental benefits.

National-level respondents to the survey, including SGP managers and decision makers, generally feel that the SGP's efforts to address poverty, inequality, and exclusion issues strengthen the program's ability to meet its environmental objectives. Interviews at the country level confirmed that most national stakeholders feel the SGP is addressing livelihoods and poverty reduction, but there is much less agreement as to whether the SGP

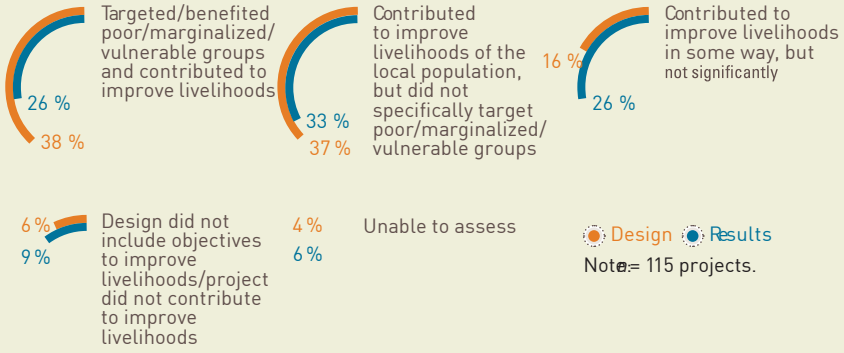


Figure 1: Livelihood—**differences between SGP project design and project results**

addresses the needs of the most disadvantaged.

Gender equality and women's empowerment. Since 2006, in line with evolving GEF and UNDP policies, the SGP has undertaken several steps to promote gender mainstreaming and women's empowerment. The CPMT has a gender focal point and has provided guidance materials and training for national stakeholders. Of the 103 grant projects assessed with respect to gender, more than half were found to have benefited women and men equally, or to have disproportionately benefited women. Many other projects benefited women, although not to the same extent as men.

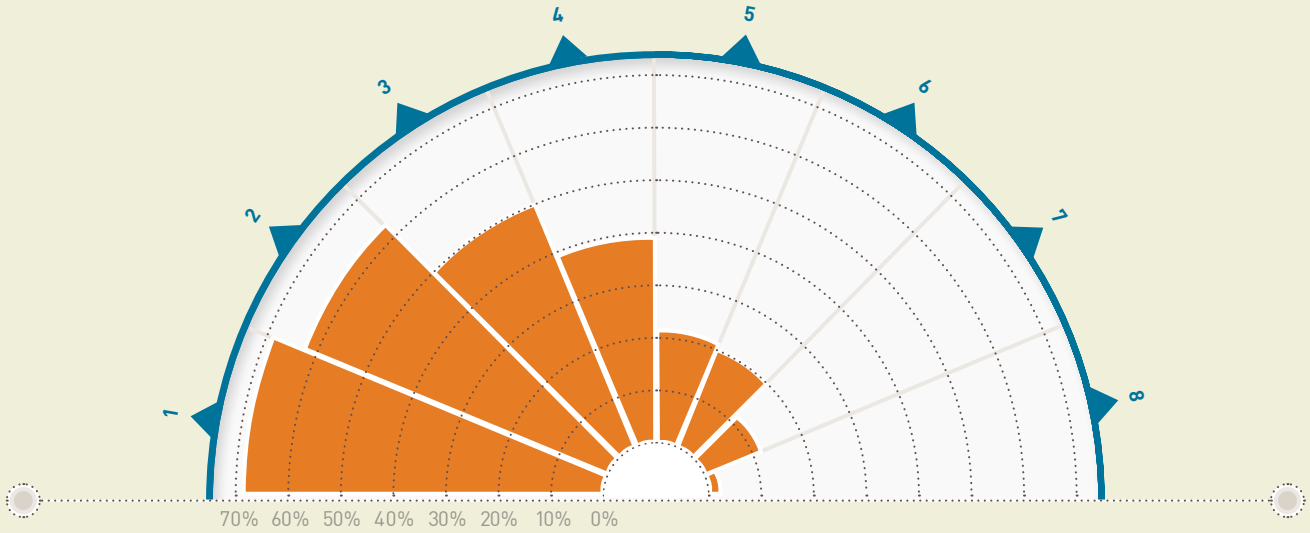
Direct benefits come in the form of access to microcredit, increases in income, greater livelihood security, access to water and energy, and time savings from new technology. Indirect benefits resulted from the drilling of boreholes for watering trees and similar activities. Several projects noted women had taken on new leadership roles in projects, which translates to greater participation in other community activities.

ISSUES TO ADDRESS

1. Upgrading policy. Since 2008, the SGP upgrading policy has enabled the SGP to continue and expand in terms of total funding and number of countries, as well as other opportunities such as approaches and partnerships. However, the way these policies and measures have been operationalized has had a number of negative effects—including increased delays, increased transactions costs, and increased competition with other GEF project proponents—with the risk of the SGP being left unfunded. For upgraded country programs, additional challenges have included reduced time and flexibility to complete country programs and respond to local partners, and a more top-down approach with less community ownership over country program design and management.

In OP5, selecting countries for upgrading to FSPs is based on two criteria that are not optimal and that are too narrow: the age of the program and the overall program size in terms of cumulative grants. A wide range of factors affect the maturity of a country program, and progression does not always occur steadily. There is a widespread belief among GEF stakeholders at all levels that program maturity is not solely linked to program age and the number of grants issued (figure 2). With inappropriate criteria, there is a risk of either choosing countries where the context and local capacity are not favorable to upgrading or failing to choose countries whose conditions are optimal for upgrading. Although two new criteria were introduced for OP6, these criteria still do not resolve this issue.

2. M&E system. Significant resources and efforts have been devoted to improving the SGP's M&E system, with progress at the global level in strengthening the results framework, improving the database that provides basic data on more than 18,000 projects, and the production of two highly informative annual monitoring reports.



1 Strong and dynamic environment-oriented civil society in the country 68%

2 Government attention and support to environmental issues in the country 63%

3 Skill and level of support from the national coordinator and the national steering committee 50%

4 Supportive socioeconomic context in the country 39%

5 Support fromUPND 21%

6 Support from government agencies 20%

7 Support from the Global CPMT 12%

8 Other 2%

Figure 2: Factors supporting country maturity

At the project level, a great deal of monitoring activity has taken place, but is not universal. Of the 144 projects evaluated, 92 percent included monitoring activities in the project design and 89 percent had established some results indicators as part of the design. However, more than half of these lacked an established baseline in the design phase. Upon project closure, completion reports were submitted for 85 percent of the projects. At present, the M&E system is unable to provide a clear picture of the impacts of the SGP on the global environment. Most stakeholders agree that further progress is required on M&E of the SGP. It is generally accepted that the demands placed on the current M&E system are far too ambitious and unrealistic.

LOOKING AHEAD

- **Revitalize the SGP Steering Committee to support high-level strategic thinking in developing a long-term vision for the SGP, foster dialogue between UNDP and the GEF, and advise the Council as appropriate on strategic decision making.** The SGP has continued to be a relevant, effective, and efficient program; however, in some areas there is a lack of clarity as to program expectations and its long-term evolution. A revitalized global Steering Committee—which could include the GEF Secretariat, UNDP, UNOPS, a representative from the GEF-CSO Network, and/or other members as appropriate—would provide a forum for clarification of the SGP's long-term vision, future approaches to upgrading (including upgrading criteria), articulation of the role of broader adoption in the SGP, the balance between global environmental benefits and socioeconomic objectives, and other issues that might arise. The revived committee could help in articulating the GEF corporate nature of the SGP, clarifying the role and responsibilities of UNDP as a GEF Agency implementing a GEF corporate program, and developing a strategy to optimize UNDP's value added. Where policy decisions are required, the committee would provide advisory services to the GEF Council. Some of these issues could discussed in a wider forum as well. The proceedings of such a high-level forum could then be shared with the GEF Council for consideration.

- **Continue upgrading, building on strengths while addressing the weaknesses identified.** The criteria for selection of countries for upgrading should be revisited. Upgrading should be seen as a continual process, in which country programs mature; acquire capacity; and evolve in terms of their partnerships, cofinancing, and degree of mainstreaming and eventually reach an upgraded status. Consolidation of the process should be sufficiently flexible to match conditions prevailing in all participating countries, while maintaining an incentive to each and every country program to evolve. The criteria should be revisited, and recommendations for revisions submitted to the GEF Council. This revision should be informed by the SGP Steering Committee and/or the proceedings from the international conference. Although all countries should be able to adopt the upgraded status, upgrading should be voluntary for least developed countries and small island developing states.

- **Ensure that the SGP is implemented under a single, coherent, global program framework.** All SGP country programs, whether upgraded or not, should be implemented under a single, coherent, global program framework. As country programs mature from being funded purely by core funds to accessing GEF System for Transparent Allocation of Resources (STAR) resources and ultimately upgrading to execution as FSPs, the type and level of support from UNDP and the CPMT should evolve as a continuum within that global program management framework. In addition, in line with a strategy to optimize UNDP's value added as the SGP Implementing Agency, UNDP should provide guidance to the SGP and to UNDP resident representatives to strengthen synergies between SGP and UNDP programming at the country level, while recognizing the peculiarities of the SGP as a GEF corporate program.

- **Continue efforts to improve M&E, designing more streamlined and useful M&E tools and activities that balance the need to measure with the need to provide support to local communities in tackling environmental issues.** The CPMT should move to update its M&E framework, with a focus on streamlining and aligning indicators and tools to track and validate progress toward SGP strategic objectives as appropriate at the global, national, and local levels. An opportunity exists for developing and performing a more practical monitoring function by using simple, but innovative, M&E tools and systems that are adapted to the needs, resources, and community focus of the SGP. These tools would achieve a financial and operational balance between the need to measure and the need to provide support to local communities in tackling environmental issues of global significant. As a result of the revised M&E framework, the monitoring demands on national coordinators and grantees should be reduced overall, but should contribute to a clearer picture of project and national progress. The CPMT should recruit a full-time senior M&E officer whose main task would be to develop and implement the revised frameworks.

IEO BRIEF

Evaluation of the Multiple Benefits of GEF Support through Its Multifocal Area Portfolio

Multiple benefits consist of global environmental benefits, and the local environmental and socioeconomic benefits that indirectly help generate and sustain them.

FINDINGS

1. Designed to produce multiple benefits. The majority of MFA projects are designed to produce multiple benefits. Seventy percent of the MFA projects approved since the GEF pilot phase intend to achieve environmental outcomes for multiple focal areas; 30 percent are allocated to small grants and capacity development initiatives. The number of MFA projects intended to achieve environmental outcomes almost doubled with each GEF phase, in terms of both number of projects and total GEF grants. Based on a review of project objectives, the majority of MFA projects aim to produce benefits for three focal areas—even where the majority of projects are funded through two focal area allocations. At least 75 percent of the MFA portfolio tracked some combination of biodiversity, land degradation, or climate change environmental status indicators within the same project.

2. Emphasis on integration. As reflected in focal area priorities and environmental issues addressed, the majority of MFA projects are designed to achieve multiple benefits using an integrated approach. The majority of projects approved under GEF priorities that are cross-focal in nature are implemented as MFA projects. The conventions, the GEF Instrument, and members of the GEF partnership note how integrated approaches implemented through MFA projects are consistent with the cross-cutting nature of the Sustainable Development Goals (SDGs), and support the holistic approach already taken by many countries and Agencies to address these issues.

3. Heterogeneity in outcomes. Of 49 MFA projects with terminal evaluations, 86 percent reported some positive environmental outcomes consistent with the combination of focal areas for which they aimed to produce benefits, and 88 percent reported some positive socioeconomic outcomes. Broader adoption—primarily through mainstreaming and sustaining of project outcomes—was reported by project end in 86 percent of completed projects, indicating progress toward larger-scale impact. While reporting some positive outcomes, 45 percent of projects also reported some environmental targets not being achieved or outcomes at risk of not being sustained. Common reasons cited included the use of inappropriate

PURPOSE AND METHODS: This evaluation aims to assess the extent to which Global Environment Facility (GEF) support through multifocal area (MFA) projects has resulted in multiple benefits, and to identify the factors influencing achievement of these benefits. The GEF's MFA portfolio is growing, yet has never been comprehensively assessed. This evaluation fills the gap. These findings are intended to inform GEF-7 replenishment discussions.

The evaluation draws on four main sources of evidence: portfolio analysis, remote sensing analysis, case study analysis, and institutional process analysis. The approach paper was approved in June 2016; further analyses are still under way.

WEB PAGE: http://gefieo.org/evaluations/evaluation-multiple-benefits-gef-support

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ABOUT US: The Independent Evaluation Office (IEO) of the GEF has a central role in ensuring the independent evaluation function within the GEF. www.gefieo.org

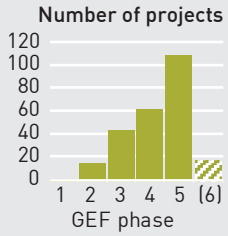
OPS6
SIXTH COMPREHENSIVE EVALUATION OF THE GEF

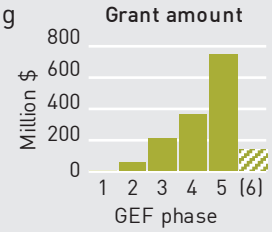
PORTFOLIO HIGHLIGHTS

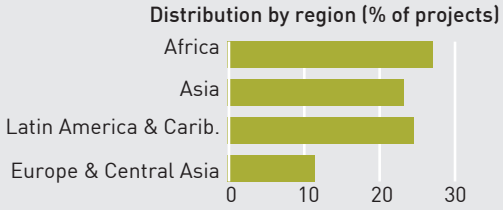
250
projects

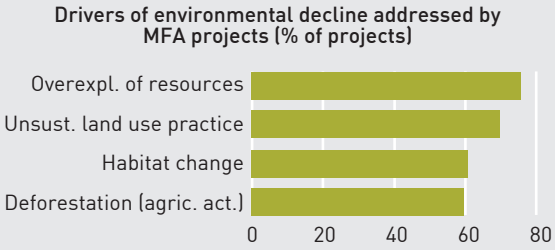
$1.4 billion
in grant funding

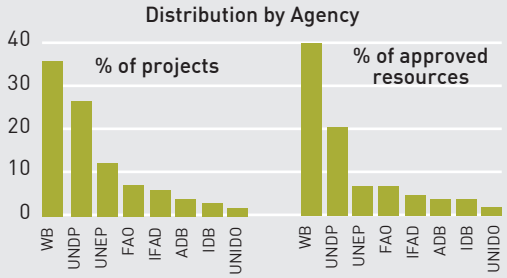
$8.6 billion
in cofinancing

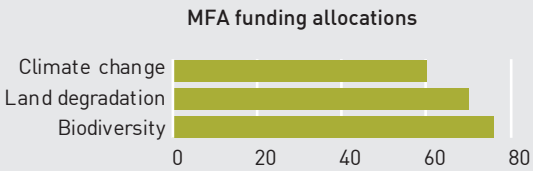












technologies and insufficient stakeholder engagement, coupled with low institutional capacity to implement activities.

Based on results of remote sensing analyses at the global scale, on average, no major difference was seen in vegetation density and forest cover loss between MFA project sites and comparable sites with no intervention after project implementation of four years or less. However, global results have an averaging effect and require deeper analyses. Assessing more precise location information over a longer implementation period demonstrated that GEF-supported micro-watersheds in Rio de Janeiro, Brazil, had a higher average tree cover percentage gain per year compared to similar micro-watersheds within the state.

4. More types of benefits. MFA projects that reported more types of benefits share common characteristics. These include project objectives that explicitly aim to produce benefits to multiple focal areas using an integrated approach, strong multisectoral partnerships for implementing project activities, participatory mechanisms for identifying solutions to a range of development issues on the ground, and a combination of project activities that mitigate negative effects of environmental interventions on the community while simultaneously generating additional benefits to community and ecosystem health. Often, these projects also reported socioeconomic benefits that addressed needs beyond what they had targeted. Multisectoral partnerships were leveraged to replicate and mainstream integrated approaches across a wider geographic area, even as the projects were under way. Projects that reported fewer types of benefits had narrower objectives, and also tracked a less diverse set of indicators. Most notably, these projects failed to form partnerships among relevant sectors or engage key stakeholders within the same geographic area.

5. Potential for synergies. MFA projects have the potential to create synergies in the form of project management efficiencies, focal area mainstreaming, and institutional learning. Efficiencies in project management were cited by both GEF Agencies and executing agencies as a synergistic effect of targeting multiple focal area benefits simultaneously instead of through separate projects. MFA projects have allowed focal area mainstreaming in more projects, while utilizing fewer resources from each focal area's funding allocation. Stakeholder interviews revealed that MFA projects can also "force" different sectors at the national and local levels to work together, reduce conflicting initiatives, and leverage their resources to implement larger projects. Within Agencies and the GEF Secretariat, MFAs encourage more systematic thinking of how interventions can be better selected to produce benefits for more than one focal area.

6. Larger in size but less utilized. On average, the grant amount for an MFA project is larger than for a non-MFA project, partly due to incentives for greater focal area integration. The biodiversity and land degradation focal areas, on average, allocate a lower amount to MFAs than to non-MFA projects. Yet, also on average, an MFA project with either of these components has almost double the total grant amount of a non-MFA. The additional amount comes not from a country's System for Transparent Allocation of Resources (STAR) allocation, but from the sustainable forest management (SFM) envelope, which can match STAR funds by as much as 33 percent in GEF-5 and up to 50 percent in GEF-6 per project. About 65 percent of MFA projects have accessed SFM funding since it was first introduced. Interviews revealed that one reason projects are designed as MFAs is to pool limited resources and create a larger, more cost-effective project—often with the intention of generating larger-scale impact.

Analysis of the percentage of MFA projects per country against the size of their STAR allocation showed that, as expected, most countries implement non-MFA projects when they have flexibility in deciding how to allocate GEF funding. However, those that do not have flexibility allocate most of that funding to non-MFA projects as well, with most countries implementing only one MFA project or none compared to four or more non-MFA projects. Stakeholder interviews revealed that some countries and Agencies prefer to implement non-MFA projects because no guidelines exist on how MFA projects are developed, reviewed, or approved. Another reason cited was that in certain countries, some focal areas have no other funding sources: GEF focal points therefore

PROGRESS TOWARD IMPACT

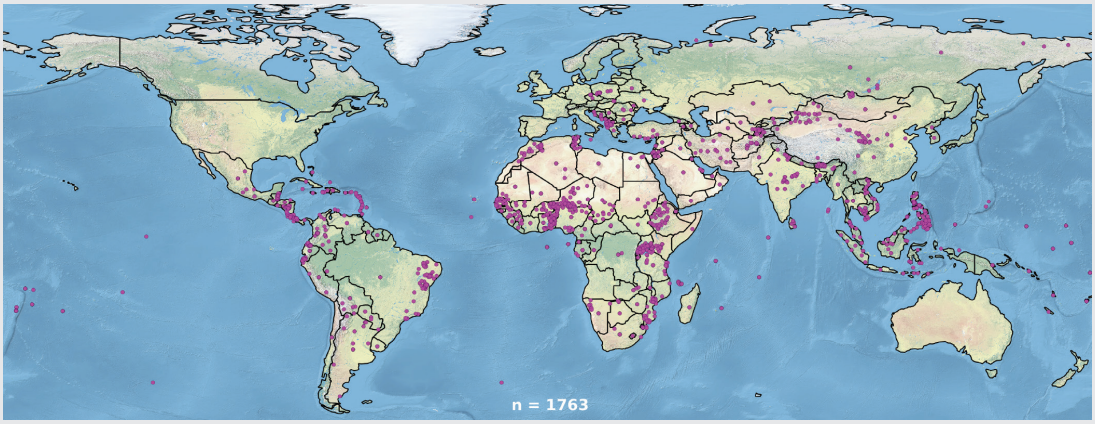
86%
achieved positive environmental outcomes

88%
achieved positive socioeconomic outcomes

79%
rated in satisfactory range on outcomes

86%
reported broader adoption

Location of geo-coded MFA project sites in 94 countries



choose to channel GEF funds toward that focal area to meet the country's convention commitments, rather than combine these in a project with other focal areas already receiving broad support.

7. Challenges from complexity. MFAs are more complex to design and implement, requiring greater capacity and resources. Two sources of complexity were observed: transactional and operational. Transactional challenges arise from the involvement of more sectors at different stages of the project cycle. Within countries, stakeholders from different sectors need to be consulted during project preparation and implementation. Agreement is needed from the relevant convention focal points, which are often located within different ministries, and therefore have differing priorities and review processes. Within the GEF Agencies and the GEF Secretariat, greater coordination and focal area expertise are required.

Operationally, more focal areas in one project imply that a greater variety of monitoring methodologies has to be used and more data collected. This can make project preparation costlier in terms of both time and funds. Agencies are required to prepare separate tracking tools for all the focal areas targeted by an MFA project. An MFA project combining biodiversity, land degradation, climate change mitigation, and SFM required a total of 1,055 data fields to be filled in in GEF-5; this was reduced to 772 in GEF-6, with 20 percent considered "high effort," i.e., requiring additional steps to obtain data. Agencies need to collect these data at least three times during the project cycle.

HISTORY

- **GEF-3: GEF Secretariat issues official guidance on operational program that aims to address concerns across focal areas and theoretically provide multiple focal area benefits.** Operational Program 12 (OP12): Integrated Ecosystem Management specifically aims to bring synergies among the biodiversity, climate change, and international waters focal areas with the land degradation focal area, and is considered the precursor of the GEF's current MFA programming. Projects approved under OP12 are required to generate at least two out of four types of environmental benefits related to biodiversity conservation and sustainable use, carbon storage and emissions reduction, conservation and sustainable use of waterbodies, and pollution prevention in globally important ecosystems. An important aspect of OP12 is its intention to generate not only environmental benefits at the global scale, but also socioeconomic benefits at the local scale.

- **GEF-4: Resource Allocation Framework (RAF) and, later, STAR are introduced.** The GEF transitions from approving projects by operational program to focal area strategies. Under the new system, each country is given a specific funding envelope for the biodiversity, climate change, and land degradation focal areas. The midterm reviews of both the RAF (2009) and the STAR (2014) find that the new grant allocation systems resulted in an increasing trend toward MFA projects.

- **GEF-5: Additional funding envelope for SFM, piloted in GEF-4 through $50 million Forest Management Program, is made available as an incentive for countries.** Projects combining at least two STAR focal areas to specifically address cross-focal forestry concerns are matched with SFM funding.

- **GEF-6: GEF Agencies to specify at proposal submission which corporate environmental targets a project is expected to contribute to across focal areas, regardless of focal area funding source.** The GEF Secretariat introduces Integrated Approach Pilots (IAPs), MFA programs intended to address drivers of environmental decline and catalyze transformational change at higher scales. Countries receive additional matching funds when part of their STAR allocations are used toward IAPs. The GEF Secretariat now engages with countries at a more strategic level, advising them to fund projects as MFAs when this is perceived as increasing integration and scale of impact.

RESULTS

Areas of MFA support reflecting integration. The most common MFA

combinations involve biodiversity and land degradation (54 percent), half of which also include climate change (27 percent). MFAs comprised the majority of projects approved since GEF-3 under the following cross-focal GEF priorities: OP12 (72 percent), land use, land use change, and forestry (LULUCF, 87 percent); persistent organic pollutants in waterbodies (58 percent); integrated landscapes (67 percent); forest ecosystem services and sustainable livelihoods in drylands (63 percent); and agriculture in rangeland ecosystems (52 percent). The majority of MFA projects in GEF-5 targeted land degradation and biodiversity priorities in landscapes. A review of environmental issues addressed by MFA projects showed that 71 percent addressed deforestation or forest degradation—by nature, a cross-focal area issue. In contrast, most projects in the GEF-4 portfolio targeted sustainable protected area system financing and energy efficiency; in GEF-5, most projects addressed climate change adaptation and protected area sustainability.

Progress toward impact. Positive environmental outcomes were most commonly reported to be in the form of reduction of environmental stress or threats (90 percent) and improvements in ecosystem cover or quality (71 percent), both of which are associated primarily with biodiversity benefits. Among projects that reported some positive socioeconomic outcome, 79 percent reported increased income or access to capital, and 28 percent reported positive gender-related outcomes. In projects that reported some form of broader adoption, this was primarily through mainstreaming and sustaining of outcomes (93 percent) and replication (57 percent).

Factors influencing outcomes. The 49 completed MFA projects and the larger portfolio of completed projects reviewed for GEF's Fifth Overall Performance Study (OPS5; *n* = 473) reported similar factors contributing to positive outcomes and broader adoption. These were good engagement of key stakeholders (77 percent); national government support (48 percent); highly relevant technology or approach (41 percent); and good coordination or continuity with other initiatives, good project design, and support from other stakeholders (32 percent each).

When it came to hindering factors, poor project management was more frequently mentioned in the MFA portfolio (39 percent). For the larger portfolio of completed projects, a lack of activities to sustain project outcomes was reported as a more common hindering factor (25 percent); this was the case for only 14 percent of projects in the MFA portfolio. In both portfolios, poor project design—including overly ambitious objectives—was reported by more than 30 percent of projects. Contextual factors that hindered positive outcomes and broader adoption were also different. In the MFA portfolio, the most common factor cited was low stakeholder or institutional capacity to implement project activities (50 percent), followed by lack of other stakeholder support, such as civil society organizations and the private sector (25 percent). In contrast, the OPS5 portfolio reported the most common context-related hindering factors to be larger-scale drivers, such as unfavorable political or economic conditions or events, and lack of national government support.

Synergies in focal area mainstreaming. The option to fund projects as MFAs has allowed the land degradation focal area to increase the number of projects targeting land degradation priorities by 56 percent with only a 4 percent increase in its GEF-5 funding allocation. Similarly, the biodiversity focal area is able to address its priorities in a wider range of contexts, and obtain a higher cofinancing ratio on average, when its projects are combined with other focal areas, especially for landscape-type projects. This is because such projects have a more integrated and flexible approach in addressing environmental and socioeconomic issues which governments are more willing to support over purely biodiversity-oriented ones. While the climate change focal area has seen the greatest increase in funding allocation (89 percent), it has consistently had the lowest percentage of MFA projects (18 percent in GEF-5). Despite this, 87 percent of MFA projects that did not receive climate change funding tracked climate change–related indicators. This suggest that climate change priorities are being addressed indirectly through MFAs without significantly affecting the resources of the larger climate change portfolio.

ISSUES TO ADDRESS

1. Institutional guidelines for MFA projects. Funding MFA projects has several advantages, such as the ability to develop larger projects, address multiple focal area priorities in more projects using less STAR funding, achieve efficiencies in project management costs, and foster greater collaboration among multiple sectors at different scales. Despite these merits, most countries choose to implement only one or no MFA projects—in part due to the lack of institutional guidance on how MFA projects are to be developed, reviewed, and approved. Priorities for each focal area are clearly outlined in each GEF phase, yet no strategy has been developed for projects that aim to address these multiple priorities simultaneously. The GEF Secretariat has begun drafting internal guidelines for reviewing different types of MFA projects. However, there is a need to provide guidance to Agencies and countries to help maximize the advantages of MFA projects while minimizing transactional and operational challenges in contexts where MFAs are the most appropriate choice.

2. Tracking multiple benefits. Another reason cited that makes MFA projects challenging is the current requirement of reporting with multiple tracking tools. Tracking benefits specific to the different focal areas has been cited in interviews as important to some countries in responding to convention guidance and helping countries meet their commitments to convention targets. While attempts have been made by some MFA programs to remove repetitive and irrelevant indicators from their reporting tools, streamlining needs to occur at an institutional level.

3. Complexities in integration. The trade-off from increasing integration, as seen in the complexity of MFA projects, is the increase in number of stakeholders that need to be consulted and coordinated with at different levels. In some cases, joint decision making is necessary in designing and implementing MFA projects; this takes more time and effort since differing perspectives and priorities need to be reconciled, as do the incompatible procedures and structures of the institutions involved. While operational challenges such as reporting on multiple tracking tools could potentially be resolved through technological solutions, transactional challenges are an inevitable consequence of working with diverse sectors, and may require long-term, systemic changes to address. This is important to consider as the GEF moves toward further integration across focal areas.

IEO BRIEF

Evaluation of Programmatic Approaches in the GEF

Independent Evaluation Office
GLOBAL ENVIRONMENT FACILITY

This evaluation looks at GEF experience with programmatic approaches to facilitate their further development in the strategic move toward integrated programming.

FINDINGS

1. Overall, projects under programmatic approaches outperform stand-alone projects, except in complex programs. In this evaluation, complexity is a function of the degree of homogeneity of a program's child projects and whether they belong to one or multiple countries, Agencies and/or focal areas. Child projects performed significantly better than stand-alone projects on most dimensions, especially on execution quality, sustainability, and M&E design. Greater attention to synergies and longer-term results at the program design stage has been mentioned by stakeholders as a contributing factor. However, child projects in complex programs underperformed relative to those in simpler programs or stand-alone projects, but outperformed these comparators on implementation, sustainability, and M&E design.

2. Improved design not yet showing broader adoption. Program design has improved significantly over time across focal areas, except in international waters, which has shown well-designed programmatic thinking from the early GEF phases. Data as to whether this translated into higher results are not yet available. While child projects rated higher than stand-alone projects on design for broader adoption, they demonstrated less concrete action for broader adoption during implementation.

3. Evolution toward a systemic approach to addressing drivers of environmental degradation. Programs have evolved from a narrow approach focused on mitigating the negative effects of food and energy production on biodiversity loss, land degradation, and climate change to applying an integrated approach encompassing a wider set of drivers such as food and energy production and consumption, buildings and infrastructure construction, and transportation.

4. Country-level program ownership is linked to degree of alignment with national priorities. With the notable exception of programs addressing transboundary issues (international waters), GEF programs have progressively shifted over time from a country to a multicountry focus. Central- and country-level stakeholders noted that country programs have

PURPOSE AND METHODS: Programmatic approaches, formalized in 2008, are particularly relevant to the Global Environment Facility (GEF), given the long-term nature of the environmental problems the GEF addresses. This evaluation assesses the mechanisms and conditions by which GEF programs have delivered broader-scale and longer-term results by comparing them to stand-alone projects. It focuses on the extent to which GEF programs addressed drivers of environmental change; performance issues such as coherence, ownership, efficiency, monitoring and evaluation (M&E) are also evaluated. The evaluation is based on evidence from a wide array of sources, analyzed with a mixed-methods approach.

WEB PAGE: http://www.gefieo.org/evaluations/evaluation-programmatic-approaches-gef

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ABOUT US: The Independent Evaluation Office (IEO) of the GEF has a central role in ensuring the independent evaluation function within the GEF.
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stronger ownership than regional/global ones, as they tend to be closely aligned with national priorities.

5. Improved program coherence. Program objectives are better defined; child projects have improved in design and are better linked to the overall program in recent programs. This improved coherence of programs and the associated child projects commenced with the design of increasingly complex programs, wherein projects more specifically address program outcomes.

6. Efficiency declines with increased complexity. Overall, child projects scored higher on efficiency and leveraged higher cofinancing, but efficiency ratings declined with increased complexity. Child projects do not differ much from stand-alone projects in terms of project cycles. GEF Agencies consider simple programs—particularly homogeneous ones—as having lower transaction costs and being easier to manage, particularly in countries with large System for Transparent Allocation of Resources (STAR) allocations. Most programs involve more than one GEF Agency, but child projects tend to be implemented by a single Agency. Due to their diversity in mandates and operational approaches, GEF Agencies often find it difficult to work together. While there are efficiency costs in coordinating large, complex programs in terms of increased resource and coordination requirements, analysis demonstrates that the more recent complex programs tend to be better designed and resourced for knowledge management and coordination.

7. M&E improved in program design, but still faces challenges. M&E is mainly undertaken for projects and performed well at that level. On both M&E design and implementation, child projects were rated higher than stand-alone projects. The GEF Secretariat indicated that M&E poses a challenge for programs, requiring the development of new types of results frameworks and tracking tools. GEF-6 integrated approach pilots (IAPs) explicitly address these challenges by building program M&E in a specific component, operationalization of which has proven to be challenging.

Most programs have an M&E strategy. Half also have a results-based management (RBM) framework, but only two have a specific budget allocation for program M&E. Furthermore, roughly half of the programs do not clearly articulate how child project indicators are to inform program-level results. A trend of providing funds for program M&E, knowledge management, and coordination through so-called "glue" projects emerged toward the end of GEF-4. This model has been repeated later on, with increasingly larger budgets. However, despite these efforts, scarce evidence of program-level M&E has been found. When it is present, it is most likely because of individual GEF Agency requirements.

8. Expanded GEF Secretariat role in program formulation. According to stakeholders in multilateral development banks (MDBs), in the last generation of programs, the GEF Secretariat has increasingly stepped into roles formerly held by GEF Agencies. For example, the Secretariat is actively participating in the selection of countries to be included in a program. Some in the MDBs do not consider this the GEF Secretariat's role. Although they are aware of GEF discussions with countries, in their view these are not always transparent, raising concerns about the potential for the Secretariat's impartiality in deciding whether to advance programs to the Council, when it has been involved in their design and in the selection of program partners.

HISTORY

Programs have been part of the GEF since its establishment. In 1999, the GEF Council supported the evolution of GEF support to recipient countries through a programmatic approach. In 2001, the Council clarified that programs should "secure larger and sustained impact on the global environment through integrating and mainstreaming global environmental objectives into a country's national strategies and plans through partnership with the country." The shift to a more strategic partnership between the countries and the GEF was also discussed during the third GEF replenishment. Parties proposed a performance-based resource allocation system. This led to the introduction of the Resource Allocation Framework (RAF) in 2006, replaced by the STAR in 2009. These reforms influenced the way programs—particularly regional and global ones—were to be financed, i.e., either from the RAF/STAR or from ad hoc set-aside funds.

In 2008, the Council endorsed the objectives and basic principles for programmatic approaches and, for the first time, detailed procedures for designing programs were approved, including the introduction of the program framework document (PFD). This resulted in an increase in the submission of programs to the Council, and a change in their nature from phased to clustered ones. Importantly, a stimulus to program ownership was introduced by defining programs as "a more strategic level interaction with the GEF" for countries. Two years later, the GEF introduced other reforms, leading to the emergence of two typologies: (1) programs led by a qualifying GEF Agency, in which one Agency runs the entire program, and (2) programs led by a program coordination Agency, in which one or more GEF Agencies participate. These reforms were aimed at enabling the GEF to disburse large-scale resources effectively and efficiently to countries/regions through program support.

Until GEF-5, Council discussions about programs centered more on administrative than technical matters. This changed in 2014, when the Council approved a revised modality based on program scope: (1) thematic—the program addresses an emerging issue (e.g., a driver of environmental degradation), and (2) geographic—the program focuses on a particular geography. In GEF-6, the GEF introduced the IAPs, which focus on the main drivers of environmental degradation supporting broad coalitions of committed stakeholders and innovative scalable activities.

RESULTS

Programmatic projects compared with stand-alone projects. Ninety-three percent of program child projects had moderately satisfactory or above outcome ratings, compared to 84 percent of stand-alone projects (figure 1). The difference in sustainability is even greater. The same is observed for all other ratings. Only implementation quality ratings are similar.

Projects in less complex programs outperform stand-alone projects on most dimensions except implementation quality, while projects in highly complex programs underperform stand-alone projects and those in less complex programs; however, they perform better on sustainability, M&E design, and implementation. Child projects overall had significantly

higher sustainability and M&E design ratings than stand-alone projects (figure 2).

Country stakeholders cite improved knowledge sharing and the potential for synergies with other GEF projects among the main incentives for joining a program (figure 3). While higher transaction costs in terms of additional reporting requirements and PFDs are a disincentive, there are perceived efficiency gains in management.

Broader and longer-term programmatic results. Broader adoption is starting to occur, but not yet at scale. Forty-three percent of child projects have undertaken some broader adoption actions. Highly complex programs had broader adoption mentioned more often in terminal evaluations, indicating an intent to design with a longer-term focus.

The most frequently observed forms of broader adoption are mainstreaming, mentioned in one-third of the terminal evaluations analyzed; and replication, observed in 21 percent of the cases. There is no or minimal broader adoption in terms of scaling-up or market change. Two-thirds of surveyed country stakeholders believe that programs achieve broader results that are more sustainable than stand-alone projects.

Addressing drivers through programs. A retrospective meta-analysis encompassing 88 evaluations conducted on 33 programs prior to 2008 (n = 175 projects) indicates that food production as the main driver for environmental degradation was dealt with in 39 percent of those programs. Addressing food production significantly increased in post-2008 child projects (n = 282), at 65 percent. The post-2008 cohort also shows an evolution toward addressing other drivers—in particular energy, dealt with in 31 percent of the cases. This analysis indicates that while addressing drivers has been newly articulated in the GEF 2020 Strategy, previous GEF programs also addressed drivers, although without explicit reference to them in program documents.

Ownership. In GEF-4, 7 of 20 programs were country programs; this level progressively decreased in GEF-5 (2 out of 14) and GEF-6 (none). Surveyed country stakeholders are split on their view of access to STAR allocations as an incentive to join programs (figure 3). Less complex programs receive higher cofinancing from governments and GEF Agencies,

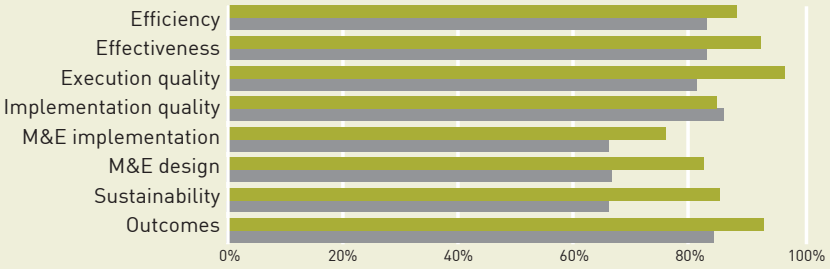

Figure 1: APR comparison highlights; ■ = child projects (n = 42); ■ = stand-alone projects (n = 165)

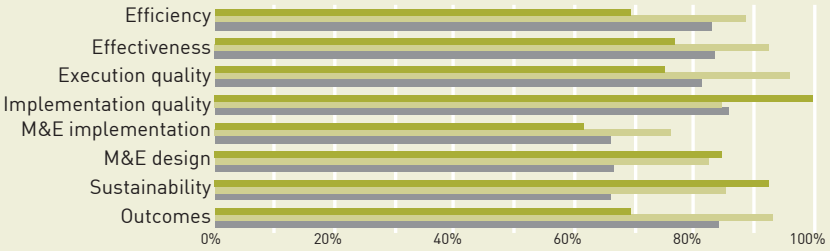

Figure 2: Comparison of program complexity; ■ = high complexity (n = 13); ■ = low complexity (n = 29); ■ = stand-alone projects (n = 165)

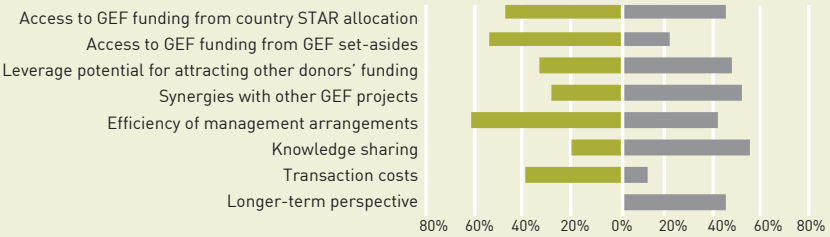

Figure 3: Country stakeholder perceptions on incentives (■) and disincentives (■) to join a program (n = 155)

while highly complex programs leverage more cofinancing from the private sector and other (non-GEF Agency) multilaterals. Most country programs are simple with high government cofinancing. Interviews consistently indicated alignment with country priorities as the most important factor in countries' agreeing to participate in a program; this was confirmed by staff in the GEF Secretariat, the Scientific and Technical Advisory Panel (STAP) and MDBs. For six of the nine country programs in the post-2008 cohort, over 80 percent of total program cost was funded by STAR allocations.

Coherence. Over 89 percent of child projects indicate clear linkages with their respective programs. Of these, 43 percent address all program objectives; this is particularly true for highly complex programs. However, for more than half of these projects, there is no clear indication of a link between project indicators and program metrics.

Project cycle analysis. Overall, project cycle analysis shows no major differences between programmatic and stand-alone projects. Sixty-seven percent of full size programmatic projects—the large majority in the post-2008 cohort—fail to meet the standards from Council approval to Chief Executive Officer (CEO) endorsement, but 64 percent are within the standards for moving from CEO endorsement to start-up. Some projects under a program might be delayed, as Agencies wait for all projects to be ready for CEO endorsement. However, more time for better preparation translates into a faster start after CEO endorsement.

Coordination. While 37 programs have some form of coordination, only 20 percent (eight) have a dedicated coordination budget allocated to the program itself. Half of the programs are coordinated by the lead GEF Agency. Regardless of the type of coordination arrangement, only seven had plans for program coordination meetings. Twenty-five programs have national and/ or local governments involved in program coordination. Six had coordination and M&E funded through a glue project; those were originally medium-size projects with a budget of up to $1 million. In GEF-5, two full-size glue projects were endorsed, for $4.6 and $5.5 million, respectively. In GEF-6, the glue project for the Illegal Wildlife Trade program has a $7 million budget. The three IAPs have an even larger budget for their so-called "hub" projects, demonstrating recognition of and the need for high program coordination costs at design.

M&E. For each project under a program, the evaluation assessed whether program documents indicate how project-level M&E and RBM strategies and indicators contribute to overall program M&E and RBM. Overall, roughly half of projects' M&E strategies relate to program M&E. Sixty-one percent of projects in less complex programs indicate how project RBM contributes to the program, while 43 percent of projects in highly complex programs do so. In general, program child projects show weaker implementation of M&E than their stand-alone counterparts, with the highest drop in ratings in implementation observed in highly complex programs.

Three-quarters of programs have a strategy, and more than two-thirds of these demonstrate alignment between program and projects, with no statistically significant variation between low- and high-complexity programs. However, when looking at program M&E indicators, highly complex programs showed a higher level of alignment between project and program M&E indicators than the less complex ones. The coherence between program and project RBM could only be assessed for the 17 programs with an RBM framework. The results are similar to those related to the M&E strategy.

ISSUES TO ADDRESS

The evaluation is not yet completed and will be available in June 2017. Three major messages emerge from the evaluation.

1. **Manage complexity.** Based on an analysis of 38 programs, the findings indicate that GEF program support in general provides better results than project support. Programs provide a long-term perspective and enable integrated solutions to the environmental problems the GEF has been tasked to address. The evaluation also shows that complexity affects performance and results. Simpler programs show better results. Furthermore, complex programs require much greater resources to coordinate and manage. Multi-Agency programs are the most difficult to implement and evaluate. Since this aspect reduces efficiency, it will have to be managed.

2. **Measure program performance and results, not just projects.** The evaluation findings suggest that programs are increasingly developed in the GEF Secretariat. Program child projects are often not viewed as different from other GEF projects in countries when it comes to implementation. M&E is performed at the project level, and this needs to be better linked to M&E at the program level.

3. **Define the GEF Secretariat's role in programs.** The GEF Secretariat is involved in many aspects of program design, including identification of program themes and participating countries and Agencies, which were roles that were typically performed by the Agencies. Clarity from the GEF Council on the role of the Secretariat in program design would be helpful with the shift toward increasing programs.

IEO BRIEF

A Value for Money Analysis of GEF Interventions in Land Degradation and Biodiversity

This study determines the value for money of GEF land degradation and biodiversity projects as measured by key UNCCD and CBD indicators

FINDINGS

1. Overall global positive impact. Evidence from this analysis suggests that GEF land degradation and biodiversity projects have had a global net positive impact on both forest cover and vegetation productivity (as per the normalized difference vegetation index [NDVI], with valuations in terms of carbon sequestration and soil retention ranging from $62 to $207 per ha affected.

2. Impacts vary considerably. Considerable heterogeneity exists in the absolute impact of GEF projects:

- Land degradation projects tended to perform best in areas with poor initial states along both key indicators assessed (forest cover and vegetation productivity).
- Both biodiversity and land degradation projects tended to be more effective in areas with access to electricity.
- Biodiversity projects tended to have more immediate positive impacts (observable after 1 year, as opposed to approximately 4.5 years for land degradation), in particular in areas with lower temperatures.
- Land degradation projects tended to have longer-term impacts and performed better than biodiversity projects in areas with poor initial states.

METHODS AND DATA

To examine value for money, a series of quasi-observational experiments were conducted in which land degradation and biodiversity project locations were contrasted to geographic locations at which no known intervention occurred, and that are similar in terms of observable characteristics—i.e., initial environmental state, proximity to infrastructure, and environmental characteristics. These contrasted locations were used in conjunction with hybrid econometric propensity score matching and machine-learning techniques to account for both (1) potential variation in treatment effects across different socio-political and environmental conditions, and (2) uncertainty in underlying assumptions and data.

Recent work has illustrated that, with key adjustments, machine-learning approaches can be used to identify how

PURPOSE AND METHODS: This study integrates satellite and other sources of spatial data on the geographic location of Global Environment Facility (GEF) land degradation and biodiversity projects, as well as related measurements on indicators suggested by the United Nations Convention to Combat Desertification (UNCCD) and the Convention on Biological Diversity (CBD). These data, alongside related information on the geographic context and characteristics of GEF projects, are used in a matching-based quasi-observational study design to test a variety of hypotheses on the effectiveness of GEF projects along two primary dimensions: forest cover change and vegetation productivity.

WEB PAGE: http://www.gefieo.org/evaluations/value-money-analysis-land-degradation-projects-gef

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ABOUT US: The Independent Evaluation Office (IEO) of the GEF has a central role in ensuring the independent evaluation function within the GEF. www.gefieo.org

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the causal effects of an intervention (e.g., international aid, a medical treatment) vary across key parameters. This is relevant in top-down or global-scope analyses, as it is unlikely that GEF projects will have the same effect across highly variable geographic contexts, and the drivers of such variation may not be known.

A wide range of environmental, socioeconomic, and project characteristic covariate information was leveraged to ensure comparisons were made between similar sets. Covariate information leveraged included distance to roads, rivers, urban areas (travel time), nighttime light intensity, slope, elevation, temperature and precipitation (including mean, minimum, and maximum), as well as geographic factors such as latitude and longitude so as to promote matches that were reasonably geographically proximate. In addition to these factors, matches were limited to be within a minimum of 50 km and a maximum of 250 km of each treated location.

After impact estimates were constructed following the causal tree approach, valuations were estimated in a two-step procedure.

- The National Aeronautics and Space Administration's (NASA's) carbon storage data set and the Intergovernmental Panel on Climate Change's (IPCC's) Tier-1 Global Biomass Carbon Zones were used to translate the impact of GEF projects on the two key indicators into estimates of carbon sequestration using a linear modeling approach that accounts for regional differences in the relationship between flora and the indicators.
- A value transfer approach was used to approximate valuations for both carbon sequestration and biodiversity. In this approach, the value of nonmarket services is approximated through examination of a previous study or group of studies on similar nonmarket services. While primary data collection on valuation can provide strong, in-situ measurements of valuation, evidence suggests that the density of literature on similar services—as well as the cost-effective nature of the value transfer approach—positions value transfer as a strong second-best strategy.

A similar two-stage approach was followed to estimate the value of increased soil retention attributable to GEF projects. Because of the inherent uncertainty in valuations throughout the literature, a range of values was reported in each case.

RESULTS

Land degradation. Previous research by the GEF IEO examined the impact of GEF land degradation projects on three indicators endorsed by the UNCCD's 2015 land degradation neutrality (LDN) scientific framework: forest cover, vegetation productivity, and forest fragmentation. This study identified a global positive impact of GEF projects along all indicators examined, but also noted considerable heterogeneity in these impacts across different geographic contexts (figure 1). Key findings include the following:

- A lag time of 4.5–5.5 years was an important inflection point at which impacts were observed to be larger in magnitude.
- Projects with access to the electricity tend to have some of the largest relative positive impacts.
- The initial state of the environment is a key driver in GEF impacts, with GEF projects tending to have a larger impact in areas with a poor initial condition.
- Projects in Africa and Asia had generally positive impacts on average. Projects in Latin America and the Caribbean, North and South America, and Oceania all had positive impacts on all three indicators.

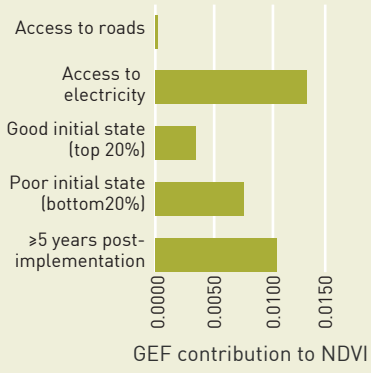

Figure 1: Key factors driving positive impacts of GEF land degradation projects.

The analysis identified a range of values consistent with previous analyses of the value of land degradation projects. Because considerable uncertainty exists, the range of potential benefits from a single–focal area land degradation project is estimated at $52–$143/ha affected in terms of carbon sequestration alone; soil retention promotes an additional value of $10–$43/ha, for a total valuation of $62–$186/ha across all land degradation projects. After costs are accounted for, it is estimated that the per dollar return on investment for land degradation projects is approximately $1.08 per dollar invested. This is likely to be an underestimate, since it only captures two ecosystem services.

Biodiversity. This analysis extended the value for money methodology applied to the land degradation case to biodiversity projects of the GEF, identifying a globally positive impact of biodiversity projects on vegetation productivity and forest cover. Figures 2 and 3 summarize these findings along three dimensions: the global impact on forest cover (figure 2a) and NDVI (figure 2b), and a contrast of dimensions that were associated with more positive outcomes (figure 3). Findings included the following.

- Globally, GEF biodiversity projects tend to have a positive impact on both indicators assessed.
- An improvement in performance was observed as projects increased in size, with the strongest positive outcomes being observed in the top 20 percent of funded projects.
- Biodiversity projects had noticeable impacts after the first year of implementation.
- Biodiversity projects are sensitive to access to electricity.

The valuation of biodiversity projects was conducted using the same approach as for land degradation activities. Following this methodology, a range of $60-$166/ha of affected area is estimated for carbon sequestration; an additional value of $10–$41 is estimated as attributable to soil retention benefits, for a total of $70–$207/ha. On average, a return of $1.04 per dollar invested was found, though considerable uncertainty remains around this value. Geographically, impacts on forest cover were relatively homogeneous; however, significant geographic

Figure 2a: Estimated mean impact 2013 forest cover (km²)

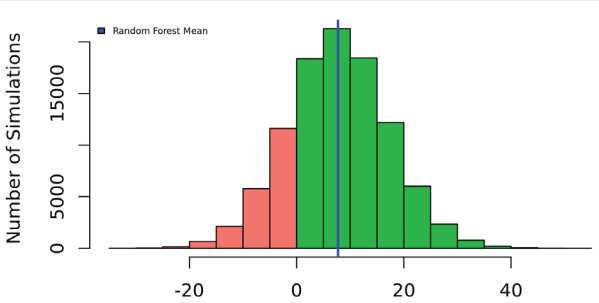

Figure 2b: Estimated mean impact NDVI pre-/post-implementation difference

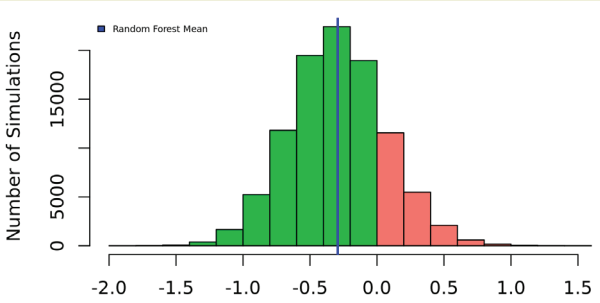

Figure 2: Model uncertainty. The global impact of biodiversity projects on forest cover (figure 2a) and NDVI (figure 2b). The blue line indicates the average across all model runs. The height of each bar indicates the number of models that identified a given result. Positive NDVI values indicate an increase in vegetation productivity; negative forest cover values indicate an increase in avoided forest cover loss. The higher green bars reflect greater certainty in the prediction of environmental benefits being measured.

Biodiversity: factors associated with positive outcomes

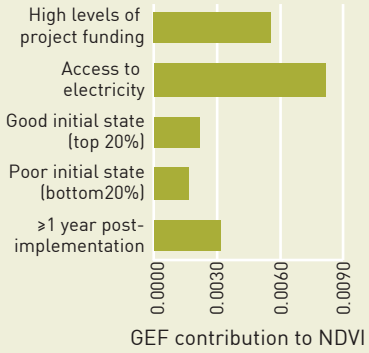

Figure 3: Association between positive GEF biodiversity project outcomes and relevant covariates.

heterogeneity existed in the case of vegetation productivity (figure 4).

LOOKING AHEAD

The geospatial impact evaluation presented here sought to estimate the value for money resulting from GEF projects implemented in the land degradation and biodiversity focal areas. Findings suggest that the GEF has, globally, been effective in improving environmental conditions both through an increase in vegetation productivity as well as a reduction in the rate of forest cover loss. Critically, this study suggests that the local context in which programs are implemented can be assessed for suitability of interventions. By examining where projects have historically worked—or failed—better decisions as to how to site and fund projects in the future can be made. This study represents a first step along this path, and provides general guidance to implementers regarding the key contexts in which GEF projects have been most successful.

The evidence presented in this analysis further highlights that assessing the geospatial contexts in which projects might be placed before their implementation can result in stronger positive outcomes. By targeting funds at locations that have both (1) the poorest initial conditions and (2) geographic characteristics for which GEF project implementations are known to provide strong outcomes, better outcomes can be achieved.

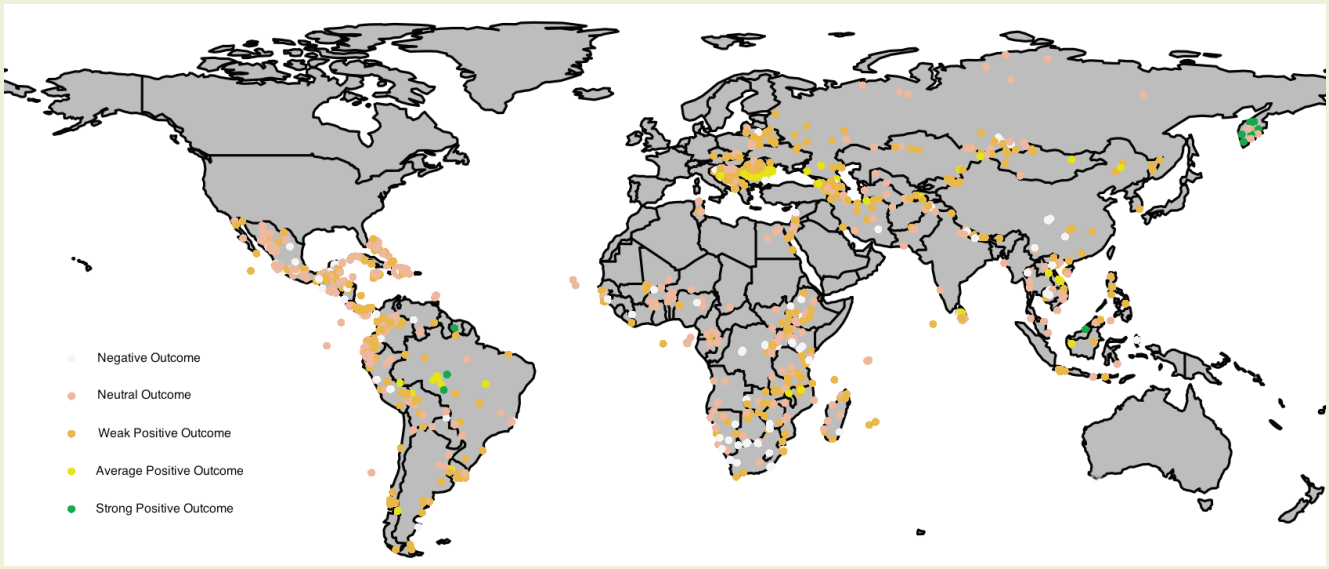

Figure 4: Impact of treatment. Estimated impact of GEF biodiversity projects on NDVI. Strong outcomes are observed in Eastern Europe; neutral to negative outcomes tend to be clustered in Southern and Central Africa.

IEO BRIEF

GEF Engagement with the Private Sector

Independent Evaluation Office
GLOBAL ENVIRONMENT FACILITY

The IEO is undertaking a third comprehensive study of private sector engagement.

The private sector plays a vital role in the transition to sustainable development by providing solutions and incremental financing to global environmental challenges. The GEF plays an important role in unlocking private sector potential through its experiences with the private sector and appropriate instruments in the GEF toolbox.

According to the GEF Council's 2011 "Revised Strategy for Engagement with the Private Sector," the GEF defines private sector engagement as "broad partnerships rather than specific capital investments." Three core groups of private sector actors that GEF projects engage with are capital providers, financial intermediaries, and industry players. Besides corporate entities, engagement arrangements also include public-private partnerships (PPPs), public-private alliances, cooperatives, and other forms of joint ownership.

The GEF portfolio that engages with the private sector is made up of 383 projects. Of these, 89 projects (8 in GEF-6) have used nongrant instruments. The portfolio is dominated by the climate change focal area. Chemicals and waste as a separate focal area was introduced in GEF-6 and represents 24 percent of the investment, compared to 35 percent for climate change projects. Altogether, these 383 projects account for 9 percent of the overall GEF portfolio, but receive 14 percent of all GEF grants and 18 percent of overall cofinancing from other parties.

PRELIMINARY FINDINGS

1. The GEF continues to engage successfully with a wide variety of for-profit entities which vary in their industry focus, size, and approach to environmental issues. The range extends in size from multinational corporations; through large domestic firms and financial institutions; to micro, small, and medium-size enterprises and smallholders/individuals.

2. GEF private sector projects use a mix of influencing models. The majority of GEF private sector projects in GEF-5 and GEF-6 (79 percent) relied on more than one influencing model. This finding resonates with the fact that GEF projects are designed to address complex issues; a variety of influencing models is needed to overcome barriers to environmental

PURPOSE AND METHODS: The purpose of this study is to assess the Global Environment Facility's (GEF's) private sector engagement activities and provide insights and lessons leading to recommendations to strengthen the GEF's collaboration with the private sector in GEF-7.

The study takes a mixed-methods approach with evidence from private sector engagement portfolio analysis, terminal evaluations of completed projects, a demand-side survey with select private sector entities, benchmarking with comparator environmental finance providers, and interviews conducted with private sector and GEF stakeholders as well as desktop research.

WEB PAGE: http://www.gefieo.org/evaluations/gef-engagement-private-sector

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ABOUT US: The Independent Evaluation Office (IEO) of the GEF has a central role in ensuring the independent evaluation function within the GEF. www.gefieo.org

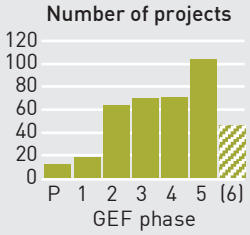
OPS6
SIXTH COMPREHENSIVE EVALUATION OF THE GEF

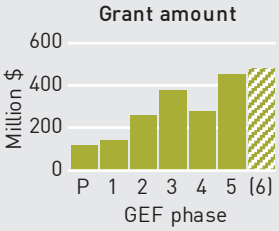
PORTFOLIO HIGHLIGHTS

383
projects

$2.1 billion
in grant funding

$16.6 billion
in cofinancing

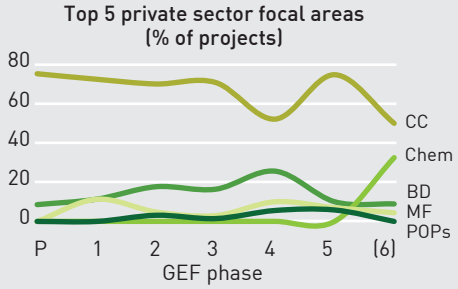


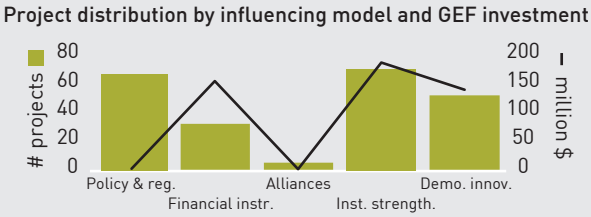


Project modality
74% full-size projects
25% medium-size projects
2 enabling activities

Top 4 Agencies
40% UN Development Programme
29% World Bank Group
12% UN Industrial Development Organization
12% UN Environment Programme

Regional distribution
27% Asia
23% Africa
21% Latin American and Caribbean
16% Europe and Central Asia
10% Global
3% Regional





protection. Among the influencing models, the most commonly applied ones are those that facilitate institutional strengthening or that transform policy and regulatory environments.

3. GEF investments involving private sector engagement have higher cofinancing. Each GEF grant dollar for private sector projects leverages a competitive ratio of $8 in cofinancing, compared to $6 in cofinancing estimated for the overall GEF portfolio. Of this $8 in cofinancing, $3 comes from private sector investments, mostly in the form of equity investment. The leverage ratio has been steadily increasing since the first GEF period (with the exception of GEF-4). In GEF-5, for every dollar spent by the GEF, $13 in cofinancing was received for private sector projects by other parties, including the private sector.

4. Climate change projects feature heavily in the private sector portfolio. Two-thirds of the projects in this portfolio are in the climate change focal area, amounting to 63 percent of the GEF's total investment in private sector projects. Climate change project investments as a proportion of the private sector project portfolio dropped from 73 percent in GEF-3 to 40 percent in GEF-4, but rose again in GEF-5 to 81 percent. In GEF-6, chemicals and waste was added as a differentiated focal area. Fifteen chemicals and waste projects, representing 24 percent of the private sector portfolio in this period, are being implemented.

5. Private sector projects have a balanced regional distribution. The geographical distribution of private sector projects and investments is influenced by local economic conditions and the executing capacities of both private sector and government partners. Based on the current portfolio analysis, projects are evenly distributed in every continent, with slightly higher investment dollars and project numbers in Asia (27 percent); Africa is second in terms of number of projects (23 percent).

6. Private sector projects address drivers of environmental degradation. GEF projects that engage the private sector are often designed to address economic drivers of environmental degradation, particularly the supply and demand of natural resources. In targeting economic drivers, the vast majority of projects sought to shift market supply or demand to sustainable sources.

HISTORY

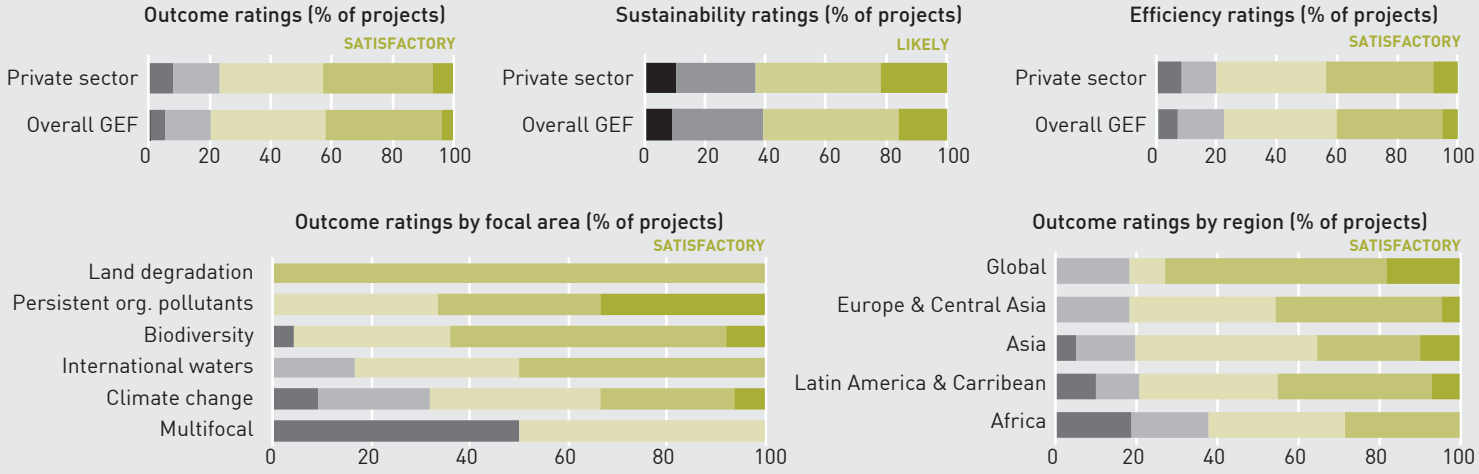
The GEF's engagement with the private sector has remained consistent over time. The approaches and strategies have, however, changed and evolved. Initial efforts to involve the private sector in GEF operations were undertaken early during the pilot phase. Thereafter, the GEF Council approved a GEF strategy in 1996 that identified the "removal of market, information and other barriers" as the key approach to engage the private sector. The focus shifted from removing market barriers to nongrant instruments during GEF-2. In 1999, the GEF released a policy paper, "Engaging the Private Sector in GEF Activities," that underlined the importance of the private sector and identified several modalities that would be needed for barrier removal, including technical assistance, and made explicit the range of nongrant financing modalities.

The following replenishment periods were characterized by a focus on partnerships and platforms and technology and innovation. The GEF proposed a Public-Private Partnership Fund in 2005, and set aside $50 million to create the GEF Earth Fund with delegated authority to the International Finance Corporation (IFC) and other agencies to prepare and approve projects more quickly.

During the latter stages of GEF-5, efforts were undertaken to redefine a strategy for enhancing PPPs, and the GEF developed a new strategy paper, "Revised Strategy for Engagement with the Private Sector," to increase private sector engagement. This strategy prioritizes the expanded use of nongrant instruments as a key tool available to the GEF for building PPPs, as well as using a multilateral development bank (MDB) platform approach to attract greater private sector financing.

Building on the GEF-5 operational approach, three priorities were identified for expanding private sector engagement in GEF-6: mainstreaming private sector engagement in all GEF projects; a set-aside of $115 million for a nongrant pilot program which funds proposals that have

PERFORMANCE HIGHLIGHTS



the potential of generating reflows; and making the private sector integral to the design, development, and implementation of three integrated approach pilots featured in GEF-6 and which are at midcourse.

RESULTS

Performance. Eighty percent of the rated completed projects in the private sector portfolio (*n* = 119, from a total of 136 projects with terminal evaluations) have outcome ratings in the satisfactory range. This performance is comparable to ratings reported across all GEF projects in the most recent GEF annual performance (APR 2015). Sixty-three percent of projects for which ratings are available (*n* = 114) have sustainability ratings of moderately likely or above, based on the likelihood of project benefits continuing past project closure. This figure is also comparable to sustainability ratings across the entire GEF project portfolio. Eighty percent of rated projects have efficiency ratings in the satisfactory range. Sixty-nine percent have satisfactory monitoring and evaluation (M&E) implementation ratings, and 72 percent have satisfactory M&E design ratings. These figures are slightly higher than for the overall GEF portfolio as cited in APR 2015.

There are no global projects or projects in Europe and Central Asia rated as unsatisfactory or below, indicating stability and solid performance in these regions. In particular, global projects have the most satisfactory performance, with 73 percent of projects receiving ratings of satisfactory or above. On the other hand, 38 percent of African projects have moderately unsatisfactory or below ratings.

Overall, successful engagement has led to many instances of broader adoption, particularly scaling up and market change. For example, a $43 million GEF grant to Morocco for the development of a concentrated solar thermal project led to a subsequent project wherein the Moroccan Agency for Solar Energy secured over $3 billion for scaling up the Noor-Ouarzazate complex. These funds came from the World Bank, the Clean Technology Fund, the German Agency for Technical Cooperation (GTZ), and the African Development Bank.

The GEF's offerings of choice and mix of influencing models are critical elements in helping build capacity and put in place appropriate incentives and signals that allow the private sector to redirect their investments in an environmentally sustainable manner. Although there is a high number of projects supporting enabling policy and regulatory environments, this category does not receive as high a GEF investment. Specialized financial instruments are the most capital-intensive influencing model, with the highest ratio of investment to number of projects. The corollary is that in terms of greater impact, reforms, for example, in the renewable energy sector across GEF projects have led to formulation of policies that have supported greater growth of enterprises in this industry.

Private sector survey. A survey of private sector stakeholders revealed that they consider the GEF a valuable partner based on its capacities and strengths in flexible financing instruments, higher risk appetite, long-standing brand reputation, technical knowledge, and opportunities for networking/partnership.

Because the GEF has provided a combination of grants and a broad spectrum of nongrant financing instruments, this variety—along with the possibility of combining different financing vehicles in one project—make it all the more appealing to private sector partners. In terms of risk appetite, the GEF supports innovative ventures that have difficulty accessing mainstream capital. Either through lending, equity investments, or risk-sharing guarantees, the GEF helps create the financial conditions for projects to materialize. The GEF is also praised for its technical expertise. Surveyed entities appreciate the knowledge the GEF brings to a project and how this improves quality of execution. The GEF network is of strong added value to private sector actors, as it is capable of making connections with donors, development banks, and assisting in addressing regulatory and policy issues.

Comparators in environmental finance. The number of actors in public environmental finance has increased over time. The complex arena is made up of actors ranging from regional and sectoral funds to global facilities such as the Climate Investment Funds (CIF) and Green Climate Funds (GCF), with diverse fund

offerings—some quite similar to the GEF in terms of instruments and focal areas. A sampling of 14 multilateral, bilateral, and national funds and mechanisms revealed that it appears to be challenging to combine a broad instrumental and thematic focus with easy access for the private sector. While the GEF has one of the most resourceful funds in terms of its volume, focus, and diversity of instruments, accessibility by the private sector still appears to be low. The multilateral funds that come closest to the GEF in terms of mandate, philosophy, and operating modalities are the CIF and GCF. Like the GEF, both work through implementing partners.

Interviews conducted with the CIF revealed that close to 30 percent of its total funding ($2.3 billion) is allocated to projects and programs that aims to bring in the private sector. This number is significantly higher than the GEF's allocation to the private sector portfolio (14 percent). Private sector engagement at the CIF can take place in three ways: direct or intermediated finance through MDBs' private sector windows, PPPs, or private cofinancing of public investment projects. The CIF Dedicated Private Sector Programs (DPSPs) can be deployed across a range of instruments, based on the implementing MDB practice. CIF funding can be subordinated to the MDBs, providing greater structuring flexibility, and can be used for local currency lending (with the foreign exchange risk borne by the CIF). Like the GEF, the CIF's country and government-led investment planning process seems to have resulted in most funding being focused on the public sector, with lengthy approval processes that, according to an independent evaluation, have discouraged private sector engagement. This has prompted the development of set-asides for the private sector such as the DPSP.

The other GEF peer, the GCF, thus far seems, through its private sector facility, to have prioritized investments in small and medium-size enterprises and maintains a mandatory 50/50 split between support of climate change mitigation and adaptation projects. Of its private sector investments ($773 million, or 52 percent of total investment), only about 8 percent of the funding provided is in the form of grants. Loans account for 70 percent, equity for 19 percent, and guarantees for 3 percent. Unlike the GEF, GCF resources are channeled through accredited entities that can be private or public, nongovernmental, subnational, national, regional, or international.

ISSUES TO ADDRESS

1. Lacking awareness of the GEF. As reported by private sector stakeholders, the GEF's position and role are insufficiently clear to the private sector. Also, there is a lack of awareness among private sector stakeholders of opportunities for engagement with the GEF. Respondents found it hard to obtain information on the GEF's private sector engagement and opportunities for cooperation.

2. Cumbersome approval procedures and ambiguous project requirements. According to the private sector stakeholder survey, nearly all respondents mentioned that the GEF approval process is too slow and complex. This causes uncertainty and deters potential private sector partners from working with the GEF. The GEF's eligibility criteria for support are also perceived as too general and providing insufficient guidance. Some partners found that the GEF formulated new or additional project criteria during the appraisal process, which created a nontransparent and unpredictable situation. Private sector respondents expected more clarity to help them better prepare for cooperation with the GEF.

3. Portfolio unbalance. The private sector portfolio evolution over time has led to an unbalanced concentration on climate change projects. This dominance of climate change investments may limit the ability of the private sector portfolio to assist countries in facing the present challenges posed, for example, by water scarcity and food security affecting vulnerable populations.

4. Lack of comprehensive documentation. Terminal evaluations or the equivalent were consulted for 57 projects that made use of grant and nongrant GEF instruments. The quality of information contained in the terminal evaluations was extremely variable. A significant shortcoming was the scant attention paid in most nongrant project terminal evaluations to financial information about the project.

LOOKING AHEAD

- Improve **market outreach to private sector entities**. Easier access to information will lead to increased awareness among private sector stakeholders of opportunities for cooperation with the GEF. This could include more private sector–specific content on the GEF website, development of "how to" guides for working with the GEF, and organization of "investor roadshows" for the private sector to promote cooperation opportunities.
- Design a **private sector appraisal policy and process focused on scalability** of projects and ensure they are additional, reinforce the marketplace, and have catalytic effects. These may also consider an approval process that allows private sector partners to track the status of a proposal with more transparency.
- **Build and share knowledge** with comparator financing facilities of how private sector entities could be more strategically engaged with the GEF. There is opportunity for dissemination and better exchange, especially on risk mitigation and market transformation concerning private sector projects. The influencing models that the GEF uses, including nongrant instruments, could be further mined for lessons learned.
- Explore possibilities to **systematically tag and gather more evidence** in the GEF Project Management Information System (PMIS) on elements of the GEF's private sector engagement, including better definitions of private sector cofinancing, without further increasing the reporting and monitoring burden in the GEF.

IEO BRIEF

The GEF Nongrant Instrument

Independent Evaluation Office
GLOBAL ENVIRONMENT FACILITY

Twenty years since the GEF Council incorporated nongrant instruments in the Strategy, the IEO undertakes a comprehensive study of the nongrant portfolio.

Nongrant projects in the GEF refer to projects in which GEF financing is used in products and mechanisms that have the potential to generate financial returns. Concerns of crowding out commercial finance, and donor reluctance to provide "free" money to the private sector through traditional grant-based financing, led to support of nongrant instruments to augment the GEF's offerings. Moreover, the nongrant instruments lend themselves to tailored structuring, allowing better alignment of mitigation measures to the risk being covered—not only helping to ensure the principle of minimum concession but also minimizing market distortions.

FINDINGS

1. **High-leverage ratio of cofinancing to GEF grant.** On average, every dollar of GEF grant spent for nongrant projects leverages $10 in cofinancing. Not only is the overall leverage ratio the highest among the private sector portfolio, it is also the highest across the general GEF portfolio. Notably, this ratio has improved in GEF-5 and GEF-6. For every $10 leveraged by a GEF nongrant, $4.70 comes from private sector investment. Forty-eight percent of this financing is in the form of equity, followed by 28 percent in other forms of investment, and 17 percent in grants.

2. **Increasing trend in global nongrant projects.** Historically, Europe and Central Asia implemented the largest numbers of nongrant projects (28 percent of the portfolio), followed by Asia (20 percent). However, in GEF-6, seven of the eight projects are multicountry efforts, representing a significant increase over previous cycles.

3. **Diversification over time.** The vast majority of nongrant projects (81 percent) is in the climate change area. However, among nongrant projects in GEF-5 and GEF-6, there is a relative increase in non–climate change projects (7 out of 27). The GEF-6 projects in particular show greater diversity in the sectors covered, with an increased focus on biodiversity and land degradation.

4. **New implementing partners.** Traditionally, over one-third of nongrant projects (34 percent) were implemented by UNDP, followed by the World Bank Group (31 percent). Of the eight projects

PURPOSE AND METHODS: The purpose of this study is to assess the Global Environment Facility's (GEF's) nongrant instrument activities in order to provide insights and lessons for GEF-7. A mixed-methods approach was used, based on evidence from a nongrant instrument portfolio analysis, review of terminal evaluations of completed projects, interviews with relevant stakeholders, and desktop research of pertinent project documents. The completed study will provide recommendations to enhance the design and use of nongrant instruments going forward.

WEB PAGE: www.gefieo.org/evaluations/study-non-grant-instrument-gef

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ABOUT US: The Independent Evaluation Office (IEO) of the GEF has a central role in ensuring the independent evaluation function within the GEF. www.gefieo.org

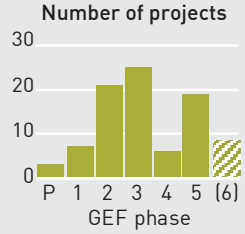
OPS6
SIXTH COMPREHENSIVE EVALUATION OF THE GEF

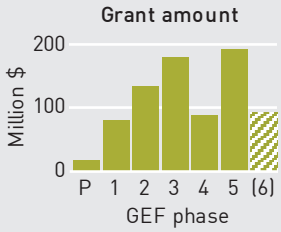
PORTFOLIO HIGHLIGHTS

89
projects

$0.7 billion
in grant funding

$7.2 billion
in cofinancing

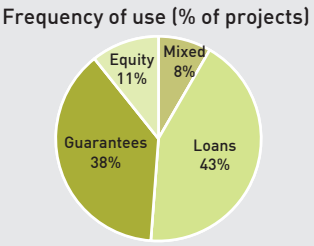


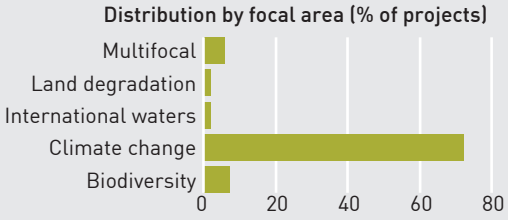


Project modality
91% full-size projects
9% medium-size projects

Top 3 Agencies
34% UN Development Programme
31% World Bank Group
9% Inter-American Development Bank

Regional distribution
28% Europe and Central Asia
20% Asia
18% Africa
18% Latin American and Caribbean
9% Global
7% Regional





approved in GEF-6, two are being implemented by Agencies that have not previously led GEF projects: the Development Bank of Southern Africa (DBSA) and Conservation International. At the same time, two previously active agencies—the International Finance Corporation (IFC) and the United Nations Development Programme (UNDP)—are absent.

5. Role of technical assistance. Nongrant projects have made use of a large range of instruments, with technical assistance often integrated into nongrant financing mechanisms. Project documents reviewed from the portfolio revealed that technical assistance, when included, is almost invariably financed by the GEF.

6. Reflows. Reflows are the financial returns transferred to the GEF Trust Fund. Because of the growth in use of nongrant instruments in later GEF cycles, projects in earlier cycles were structured to recover principal at best. In later cycles, there was an expectation of a positive financial return. To date $8.2 million in reflows has been received. It should be noted that GEF-5 and GEF-6 projects have not yet begun generating reflows, and the long time frames involved in the activities financed means that reflows would be generated 10–20 years into the future.

HISTORY

During the GEF pilot phase, three projects used revolving funds to accelerate adoptions of environmentally friendly technologies. Nongrant instruments were first mentioned formally in GEF-2. In GEF-4, the 2006 "GEF Strategy to Enhance Engagement with the Private Sector" envisioned "strategic use of nongrant/risk mitigation instruments" as one of the main instruments, together with a public-private partnership (PPP) fund and knowledge management tools to achieve the goal. At this time, the GEF Earth Fund was established with delegated authority to IFC and other Agencies to prepare and approve projects more quickly, in line with private sector expectations.

In 2011, another strategy paper was developed to enhance private sector engagement with expanded use of nongrant instruments as a key tool available to the GEF for building PPPs and attracting greater private sector financing. In GEF-5, the private sector set-aside amounted to a total of $80 million, focusing entirely on providing catalytic financing through the use of nongrant instruments. Drawing on its past experience in utilizing debt, equity, and risk mitigation products, the GEF launched a $115 million pilot program in GEF-6 to demonstrate and validate the application of nongrant financial instruments to combat global environmental degradation. The pilot program funds proposals with the potential of generating reflows.

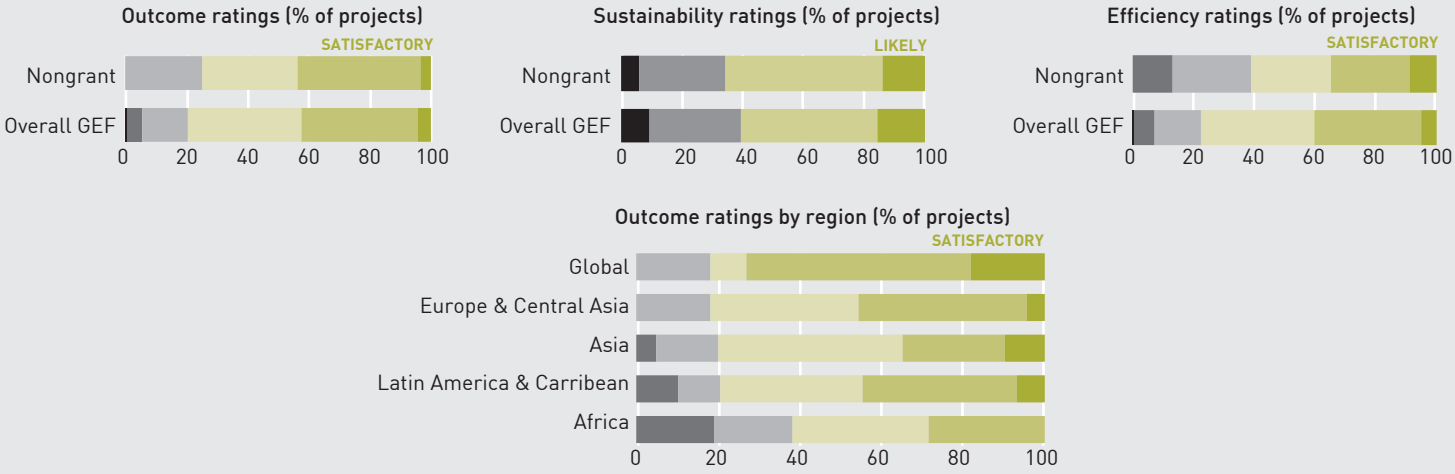
RESULTS

Performance. Overall, 78 percent (37) of the 41 nongrant projects for which outcome ratings are available are rated as moderately satisfactory or higher on outcomes; this is largely comparable to the performance across the entire GEF portfolio as reported in the most recent GEF annual performance report (APR 2015). Sixty-six percent of projects (35) for which ratings are available have sustainability ratings of moderately likely or higher, based on the likelihood of project benefits continuing past project closure; this is also comparable to sustainability ratings across the GEF project portfolio. Sixty-one percent of rated projects have efficiency ratings in the satisfactory range. With regard to monitoring and evaluation (M&E), 62 percent have satisfactory implementation ratings, and 74 percent have satisfactory design ratings.

Reflows. In all cases reviewed in this study, project-level reflows remain in the country and continue to be used as originally intended or deployed to other agreed-upon uses. The first projects to structure GEF finance in the expectation of GEF reflows were the private sector initiatives undertaken by IFC. In some cases, remaining balances in a project were rolled over into a successor project.

The terminal evaluation for the Hungary Energy Efficiency Project indicates that the project was highly successful, with no guarantees having been called, and that remaining balances were rolled over into the second Hungary Energy Efficiency Co-Financing Project. The Environmental Business Finance Program was funded in part from reflows emanating from the Small and Medium Enterprise Project

PERFORMANCE HIGHLIGHTS



and is still generating reflows for the GEF. Reflows on the IFC Earth Fund are also beginning. Notably, starting with GEF-5, project appraisal documents presented for Chief Executive Officer (CEO) endorsement contain an annex where reflows are to be explicitly addressed. There has been a clear evolution in reporting practice, with better descriptions of the reflow mechanism and quantification of returns to the GEF where applicable.

Instruments. The GEF classifies nongrant instruments into three broad types: loans, guarantees, and equity.

- **Loans.** Debt instruments are the most popular financing structures in the portfolio (42 percent). These are used either on their own or in a blended manner. The concessionality could be a lower interest rate, a longer maturity, or a subordinated position. They are also often provided in conjunction with a multilateral development bank facility, which takes a more senior position. For instance, the GEF-5 European Bank for Reconstruction and Development (EBRD) Russian Federation Green Shipping Program blends subordinated GEF financing with an EBRD senior loan. In GEF-6, the GEF's subordinated financing—which includes technical assistance—earns a lower return than the EBRD fund provided in the EBRD Green Logistics Program. Among debt instruments, a revolving fund is the most commonly encountered financing vehicle. In GEF-6, the structure is employed in the African Development Bank's Investing in Renewable Energy Project Preparation under the Sustainable Energy Fund for Africa (SEFA). The GEF financing is to be used to finance project preparation grants, which are reimbursable when the project is completed, thereby creating reflows that improve the SEFA's financial sustainability.

- **Guarantees.** These instruments are the second most used financing vehicle (37 percent), often used in conjunction with loans; they are typically structured to cover first loss tranches in financial intermediaries. The GEF's first use of guarantees dates to 1997, in the Hungary Energy Efficiency Co-Financing Program executed by IFC. The rationale for a guarantee is to overcome the reticence of financial intermediaries in lending to the activity in question by providing a risk-sharing mechanism. The evidence on the effectiveness of the guarantee instrument is mixed. The Poland Energy Efficiency Project included a partial credit guarantee to cover 50–70 percent of the loan principal on first loss. The terminal evaluation states that the project was restructured in 2011, because of very limited demand from banks for the guarantee. In other cases, the guarantee appears to have been highly successful in expanding energy efficiency lending. In at least five cases, a guarantee was used with minimal or no losses, proving the soundness of the business case and the underlying premise. These initial collaborations on energy efficiency projects allowed IFC to test and refine a model of blending GEF concessional finance with IFC commercial finance and other private finance—leading to the creation of a blended finance unit in IFC, which now structures concessional investments beyond the environmental sector.

The study also brought to light a few cases where other climate finance providers were involved in GEF projects. One such project is the World Bank's India Partial Risk Sharing Facility for Energy Efficiency. This project involves GEF financing of $18 million, Clean Technology Fund (CTF) financing of $25 million, and other cofinancing of $127 million; $12 million of the GEF financing is used to fund a risk-sharing facility, which is "backstopped" by $25 million of CTF contingent financing. Although classified as a guarantee, the GEF financing is really a capital grant to fund the facility. No GEF reflows are foreseen. This example demonstrates the different risk profiles of the two multilateral climate finance providers (GEF and CTF), with the GEF taking the highest risk position. A question that arises is whether this is the role the GEF sees for itself. *Prima facie*, the GEF appears to be subsidizing the CTF, since the CTF is being remunerated while the GEF is not, and since any unused funds revert to the CTF at the end of the project.

- **Equity.** Equity investment have recently become more prevalent. Four of the eight projects in GEF-6 involve some sort of equity structure. GEF-6 also marks the first appearance of a *pari passu* risk/return-sharing feature. Equity is the riskiest form of capital in the stack, and it stands to reason that a mission investor such as the GEF take this position. Another reason for the greater use of equity could be the potential for returns.

  From GEF-5, one such investment as part of the PPP platform occurred with the Inter-American Development Bank's (IDB's) Multilateral Investment Fund (MIF), which requested $15 million in reimbursable resources from the GEF for this program to invest in three venture capital funds. The MIF approved $5 million for the MGM Sustainable Energy Fund (MSEF), $3 million for Ecoenterprises II, and $4 million for the Honduras Renewable Energy Financing Facility (H-REFF). The MIF is administering GEF investments of $7 million, $5 million, and $3 million, respectively. In addition to the investments, the MIF will provide a total of $1.95 million in nonreimbursable resources for technical assistance in the three funds. GEF resources have also attracted other investors. For the MSEF, additional investors including the Japan International Cooperation Agency (JICA) were attracted by the fact that the GEF and the MIF were investors; the Calvert Foundation was interested in adding to the GEF-MIF investment in the H-REFF.

  Another interesting use of equity can be seen in the GEF-6 nongrant investment in the Meloy Fund with Conservation International. The Meloy Fund is an $18 million impact investment fund devoted to providing debt and equity capital to scalable enterprises that can play a key role in incentivizing sustainably managed community small-scale fisheries, contributing to the maintained integrity and functioning of coral reef ecosystems in Indonesia and the Philippines. No grants will be provided through the fund. Funds will be deployed to finance the scaling-up of enterprises to move them toward environmentally responsible product lines, with a significant portion of invested capital to be used for the acquisition or upgrading of fixed assets. Borrowing entities are expected to include fisher cooperatives, aggregators and processors, and early stage enterprises. As with other nongrant projects, the Meloy Fund will provide need-based technical assistance in the form of mentoring, operations and product technical support, financial management, corporate governance, etc., to its investees to support their development, as well as to maximize positive social and environmental impacts.

  Based on the terminal evaluations reviewed, equity instruments are experienced as challenging. The need for high returns and a secure exit further complicate sourcing of deals in "difficult" sectors like climate change and biodiversity, as evidenced by the terminal evaluations for completed equity deals such as the Solar Development Capital and the Renewable Energy and Energy Efficiency Fund projects. The equity transactions in GEF-6 appear to be more complex and consist of several moving parts. It is too early to gauge performance, as none of the GEF-5 or GEF-6 projects have been evaluated, and thus the effect of this complexity on project performance is yet to be determined.

ISSUES TO ADDRESS

1. Diversification. The GEF may be operating in a crowded climate finance landscape, but can distinguish itself and continue to support private markets in biodiversity and land degradation where external financing is a viable growth option for private firms and where the GEF remains one of the few financiers of other Convention areas.

2. Complexity in financial structures. Blended funds and programs focused on small and medium enterprises (SMEs) are generally successful, but more resource intensive to deliver. A number of terminal evaluations point to the challenges involved in implementing innovative structures, and advocate for simplicity in design. Moreover, even using similar financial instruments, success in one country is not necessarily replicable in another and depends on a variety of factors that cannot be addressed by structuring alone.

3. Ambitious targets. Terminal evaluation reviews revealed that many nongrant projects set overly ambitious targets for implementation results which require midcourse correction, resulting in implementation delays and additional transaction costs. Projected reflows in GEF-5 and GEF-6 seem overly optimistic.

LOOKING AHEAD

- **Nongrant project design and delivery should be as simple as possible.** The GEF should avoid greater or more sophisticated financial instruments that result in overly complicated structures. Similarly, multiple agency involvement and/or multiple partners for implementation can be difficult to manage, entail greater transaction costs, and lead to delays, according to some terminal evaluations.

- **Technical assistance plays a significant role in most projects.** The GEF is an important financier of technical assistance on competitive terms and thus has a comparative advantage. The GEF should consider integrating this role going forward, particularly when GEF financing is mixed with other nongrant funds.

- **Defining a niche in the nongrant space.** The market has changed, with environmental finance becoming a more mainstream activity and therefore more amenable to a wider range of providers and financial instruments. There are several areas of overlap and potential for duplication with comparative private sector programs.

- **Nongrant Projects should be systematically tagged.** The GEF Secretariat's Project Management Information System (PMIS) does not adequately provide information on type of nongrant instruments used, investment allocations, and projected reflows. Moreover, classification of instruments in project documents can lead to confusion and create inconsistencies. There is a need to standardize formats and reporting requirements.

IEO BRIEF

Measuring Environmental Outcomes Using Remote Sensing and Geospatial Methods

This brief presents the environmental outcomes of GEF projects based on remote sensing analysis.

FINDINGS

1. International Waters: Lake Victoria

Context. Lake Victoria, with a surface area of about 68,800 km^2, is the second largest freshwater body in the world. It is a transboundary resource shared by Kenya, Tanzania, and Uganda. Rwanda and Burundi are a part of the upper watershed that drains into Lake Victoria through the Kagera River. The water hyacinth is an invasive weed that was first reported in Victoria Lake in 1988. It spread across the lake, cutting off communities and putting the economic and food security of millions at risk.

Over the past two decades, the GEF has supported the Lake Victoria ecosystem through three primary interventions. These were the Lake Victoria Environmental Management Project (June 1996–December 2005), Transboundary Diagnostic Analysis and Strategic Action Program Development for the Lake Victoria Basin (April 2004–December 2006), and the SIP: Lake Victoria Environmental Management Project II (December 2008–June 2015). The overall objective of these interventions was to address major threats facing the Lake Victoria ecosystem, including nutrient load management in the upstream areas so that the nutrient load is lessened in Lake Victoria and clearing the water hyacinth on site. The first project included Kenya, Tanzania, and Uganda and applied various control methods, including the use of biological agents—natural enemies of the water hyacinth. Since the Kagera River is the primary source of inflow into Lake Victoria and of the hyacinth infestation, the second and third projects were expanded to Rwanda and Burundi. Remote sensing methods were used to observe changes in hyacinth infestation (figure 1).

Results. By the end of 2016, the satellite data derived vegetation productivity measured in terms of the normalized difference vegetation index (NDVI) shows that overall vegetation in Lake Victoria has entered a decreasing phase. Today, the levels of vegetation productivity have been reduced from their peak and are now about 20 percent more than in 1981.

Link. http://www.gefieo.org/evaluations/international-waters-focal-area-study-2016

PURPOSE AND METHODS: Remote sensing and geospatial methods are useful, innovative tools for measuring environmental impact. They provide reliable and cost-effective baseline information, help detect changes over time, and track progress toward the achievement of convention targets.

To measure the impacts of Global Environment Facility (GEF) interventions, the GEF Independent Evaluation Office (IEO) has utilized remote sensing across focal areas including biodiversity, land degradation, and international waters.

WEB PAGE: http://www.gefieo.org/evaluations/measuring-environmental-outcomes-using-remote-sensing-and-geospatial-methods

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ABOUT US: The GEF IEO has a central role in ensuring the independent evaluation function within the GEF. www.gefieo.org

OPS6
SIXTH COMPREHENSIVE EVALUATION OF THE GEF

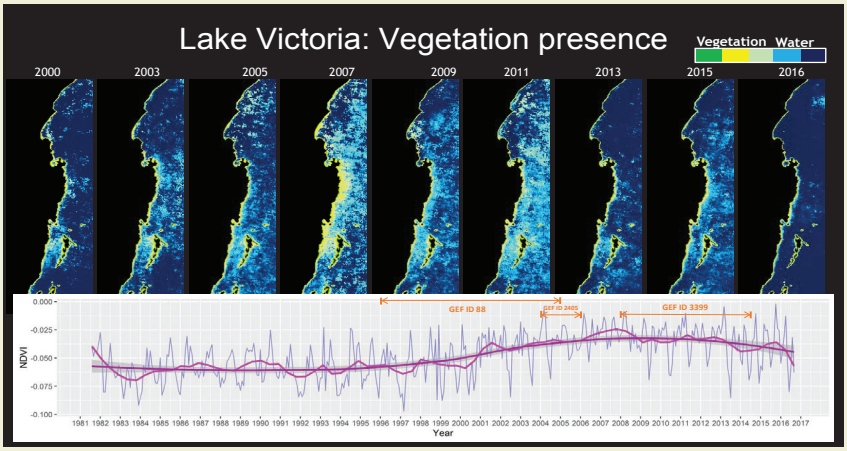

Figure 1: Vegetation productivity trend around the western shoreline of Lake Victoria (upper panel). The time-series data show the project periods and how the amount of vegetation has decreased from its peak value over the last few years (lower panel).

2. Biodiversity: Mexico

Context. Since 1990 Mexico has received more than $2.6 billion in GEF grants and cofinancing from national and global sources. The Fund for Protected Areas (FANP), was created in 1998 with GEF support to strengthen Mexico's protected area system. GEF support also helped Mexico consolidate and strengthen the protected area system through major projects such as National System Protected Areas (SNAP I; 1997), the Mesoamerican Biological Corridor Project (2000), and the National System Protected Areas (SNAP II; 2008). These projects were designed to conserve and promote sustainable use of biodiversity, promote social co-responsibility and participatory planning for conservation, remove institutional and technical barriers, and mainstream biodiversity and sustainable criteria in interventions and practices affecting protected areas.

Given the GEF's long-term support to Mexico and fewer gaps in identifying GEF-supported protected areas, the GEF IEO was able to conduct a robust quasi-experimental analysis to assess the impact of GEF funding. Using propensity score matching and satellite data, the IEO compared GEF-supported protected areas with similar protected areas that did not receive GEF support (figure 2).

Results. The analyses show that GEF-supported protected areas in Mexico avoided up to 23 percent forest loss from 2001 to 2012 compared to protected areas that did not directly receive GEF support during this period. The results varied across biomes and ecoregions.

Link. https://www.gefieo.org/sites/default/files/ieo/evaluations/files/ImpactEvaluationSupport-2016.pdf

3. Land Degradation (Multifocal): Madhya Pradesh, India

Context. The Sustainable Land and Ecosystem Management Country Partnership Program (SLEM-CCP) in India was launched in 2009 with the United Nations Development Programme (UNDP) and the World Bank as lead GEF Agencies. The program was designed to pilot and demonstrate integrated approaches to management of production systems and generation of global environmental benefits, including adaptation to climate change. The program's three main components were to (1) reverse and control land degradation and biodiversity loss while taking climate change into account; (2) enhance institutional and local adaptive capacity to improve land and ecosystem resilience; and (3) mainstream and upscale SLEM at the local, national, and regional levels.

The SLEM-CCP consisted of six subprojects mainly located in the dryland zone, which is vulnerable to the degradation of land, water, and forest resources that is likely to be intensified by climate change. Integrated Land Use Management to Combat Land Degradation in Madhya Pradesh was one of these six subprojects. It was implemented in 10 forest divisions of five districts in Madhya Pradesh covering an area of 15,000 ha of degraded bamboo forests. Participatory co-management and rehabilitation of such forests was an important project component. Satellite data from the National Aeronautics and Space Administration (NASA) were used to derive the vegetation index to assess vegetation change in three locations (figure 3).

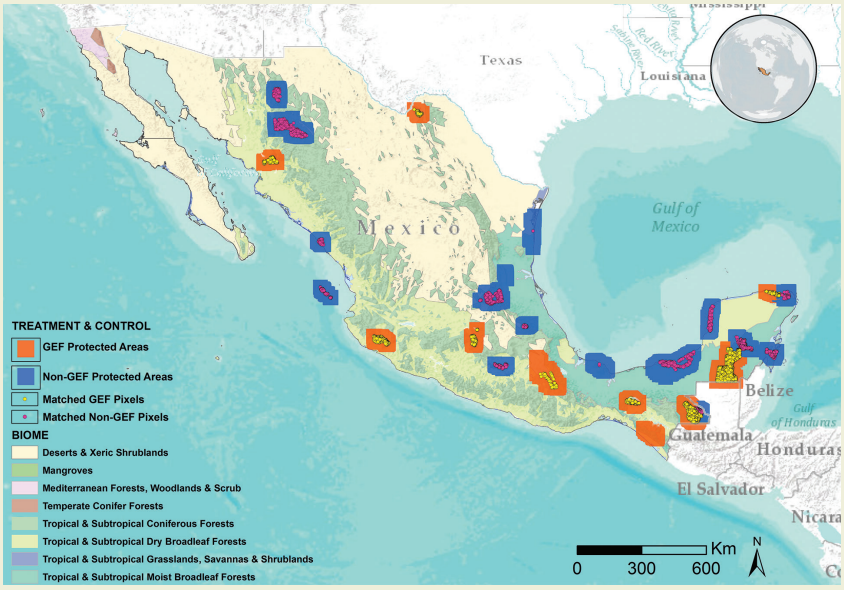

Figure 2: GEF- and non-GEF-supported protected areas in Mexico. A quasi-experimental research design powered by satellite data was used to find counterfactual non-GEF protected areas to assess the impact of GEF support.

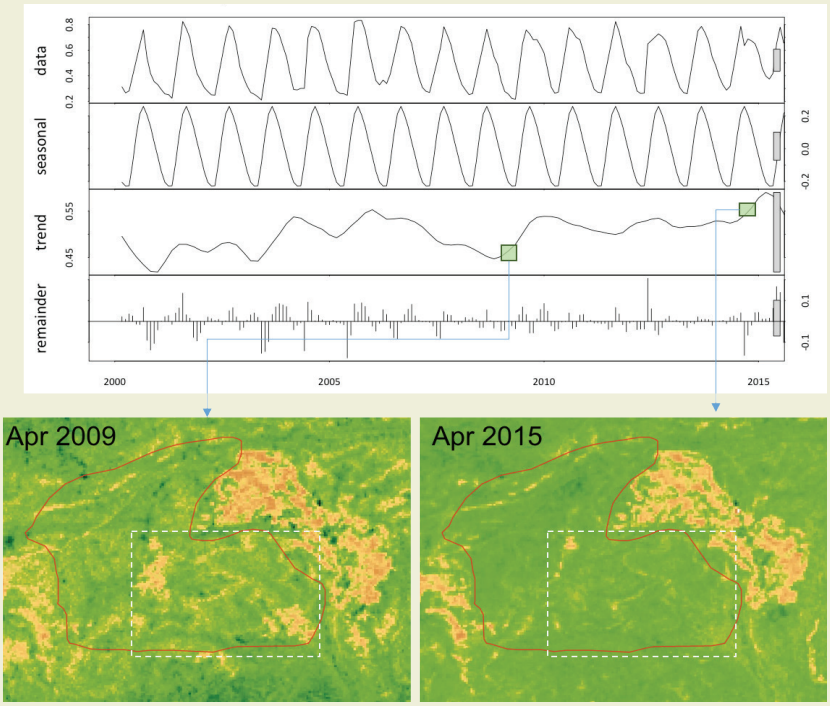

Figure 3: Time-series plot shows increase in vegetation productivity since project start (upper panel). Vegetation productivity maps from before the start of the project and around the end of the project show restored areas (lower panel).

Results. The canopy cover in the project area has improved over the project period. The NDVI in 2015 increased about 10 percent from 2009 levels. The vegetation significantly improved inside the project area as compared with outside.

Links. http://mwh.mpforest.org/UNDPGEF/CaseStudies/DEGRADED%20BAMBOO.pdf; http://www.moef.nic.in/division/slem-programme

4. Biodiversity (Multifocal): Jordan

Context. The Jordan Badia is a desert ecosystem spanning 80 percent of the country's area; it is administratively divided into northern, middle, and southern parts. The Badia Ecosystem and Livelihoods Project (BELP) is designed to enhance ecosystem sustainability and local livelihoods through a number of strategic interventions. These include investing in ecotourism and land use planning in the north, developing water harvesting infrastructure, rangeland reserves, and diversification of livelihoods in the south, since raising livestock is the primary income-generating activity. The government of Jordan has also invested in protected areas located in the Badia. In addition to generating multiple environmental benefits such as water availability for food and fodder production, project interventions in the south are expected to result in an increase in vegetation cover and biomass across the 3,000 ha through the direct participation of the beneficiary local communities in maintaining and managing the reserves. Dense time-series remote sensing data from NASA satellites were analyzed to observe progress in the rangeland revegetation program around these reserves.

Results. The results show consistent improvement in vegetation cover around all the reserves included in the project. In the Al Hashemiah reserve, the vegetation growth trend has improved since 2013 (figure 4).The average summer vegetation productivity (NDVI) in 2015 increased to about 10 percent compared to pre-project 2012 levels. The vegetation significantly improved inside the range reserve as compared with outside. The remote sensing analysis results were validated by a case study as part of a programmatic approach evaluation.

LOOKING AHEAD

Given scarce resources and time constraints, remote sensing and geospatial data and tools could prove to be valuable in complementing other evaluation methods. Use of these tools are a low-cost method of generating baseline information that could provide directions both for future programming and impact assessments. These tools have the potential for use in ecological forecasting, which can then be used in ex ante assessments. Using biophysical and socioeconomic baselines, ecological forecasting can help predict the generation of multiple global environmental benefits regarding ecosystem services such as forest cover, habitat quality, and carbon sequestration at a fine scale, as has been applied by the IEO in Kenya.

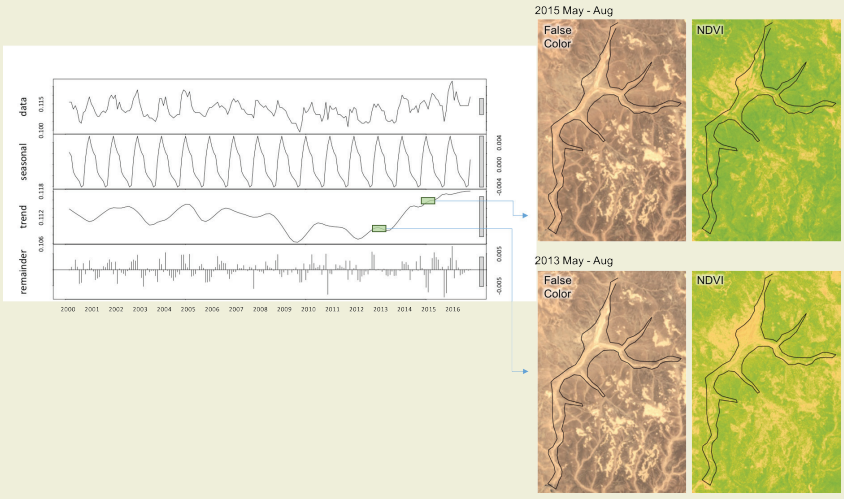

Figure 4: Vegetation growth trend around the Al Hashemiah reserve (left panel). The color and NDVI maps corroborate the trend of vegetation growth over a period of two years since the project started.

IEO BRIEF

Program Evaluation of the Least Developed Countries Fund

Independent Evaluation Office
GLOBAL ENVIRONMENT FACILITY

This study provides evaluative evidence on progress toward LDCF objectives, along with achievements and lessons learned since the fund's establishment in 2001.

FINDINGS

1. Highly relevant to convention guidelines and development priorities. There is a generally high degree of coherence between the scope of LDCF-funded activities and both the guidance and priorities of the United Nations Framework Convention on Climate Change (UNFCCC) and the GEF, as well as the development priorities of countries receiving LDCF support.

2. Clear potential in reaching adaptation strategic objectives. LDCF-supported interventions show clear potential in reaching the GEF's three adaptation strategic objectives. About 88 percent of national adaptation program of action (NAPA) country reports and 90 percent of implementation projects were aligned with the GEF adaptation strategic objectives to a large degree. The review showed that 98 percent of NAPA implementation projects had a high probability of delivering tangible adaptation benefits.

3. Potential for beneficial synergies with other focal areas. The primary priority areas for LDCF support (agriculture, water resource management, and fragile ecosystems) show clear potential for beneficial synergies with the biodiversity and land degradation focal areas. Fund support for LDCF has the potential to contribute to maintaining globally significant biodiversity and sustainable land management in production systems.

4. Performance efficiency affected by unpredictability of available resources. The LDCF's efficiency has suffered from the unpredictable nature of available resources. Without a formal resource mobilization process, the fund relies upon voluntary contributions. Least developed countries (LDCs) with LDCF support suffer from uncertainty in implementing their climate change adaptation priorities. The uncertainty in funding also negatively influences stakeholders' perceptions of the fund's transparency.

5. Catalytic effects in completed projects. Completed NAPA implementation projects developed and introduced new successful technologies and approaches, which have been disseminated to other projects. NAPA project implementation has impacts on multiple sectors and levels of society in addition to significant

PURPOSE AND METHODS: This study provides insights on the Global Environment Facility (GEF) adaptation portfolio for the GEF-7 replenishment cycle. It assesses the Least Developed Country Fund's (LDCF's) efficacy and results for successes and shortcomings in a thorough portfolio evaluation. It provides evidence on progress toward LDCF objectives, major achievements, and lessons learned. In addition to document and project reviews, the team conducted field visits to Cambodia, Haiti, Lao People's Democratic Republic, and Senegal; and carried out interviews with key stakeholders to cross-check and validate the data collected. The data were analyzed and triangulated to determine trends and formulate main findings, conclusions, lessons, and recommendations.

WEB PAGE: http://www.gefieo.org/evaluations/least-developed-countries-fund-ldcf-2016

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ABOUT US: The Independent Evaluation Office (IEO) of the GEF has a central role in ensuring the independent evaluation function within the GEF. www.gefieo.org

OPS6
SIXTH COMPREHENSIVE EVALUATION OF THE GEF

PORTFOLIO OVERVIEW

223 projects

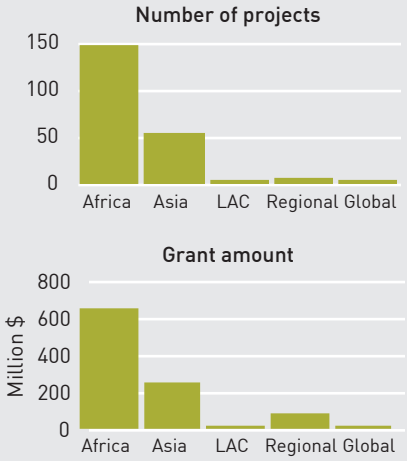
$1.04 billion in grant funding

$4.41 billion in cofinancing

LDCF project grant value by GEF phase (million $)

GEF phase	NAPA country reports (EAs)	NAPA implementation projects			Total
		MSP	FSP	MSP + FSP	
3	9.735	0.928	0.000	0.928	10.663
4	0.880	11.218	126.423	137.641	138.521
5	0.659	9.728	832.444	842.172	842.831
6	0.000	0.000	44.935	44.935	44.935
Total	11.274	21.874	1,003.803	1,025.677	1,036.951

Note: EA = enabling activity, MSP = medium-size project, FSP = full-size project; LAC = Latin America and the Caribbean. Only Council approved, CEO endorsed/approved, under implementation, and completed projects are taken into account. *n* = 223.



social, economic, and cultural benefits. The completed projects further serve as a foundation for larger-scale projects with good buy-in from national and local-level officials, although only 15 percent of completed projects performed well after upscaling. Successful upscaling will require additional financing beyond the initial project time frame.

6. NAPAs becoming part of mainstream national policy. Three-quarters of NAPA country reports detail how NAPA priorities would be linked with existing national policies, plans, and strategies.

7. Improved gender performance. From GEF-4 through GEF-6, the percentage of projects without a gender mainstreaming strategy dropped from 50 percent to less than 8.7 percent. Over 90 percent of NAPA implementation projects financed under GEF-6 address gender concerns; however, only 17.4 percent of these are "gender mainstreamed," or seriously consider gender equality in the design of projects and strategies to ensure gender equality as an outcome.

8. Inaccuracies in the Project Management Information System (PMIS). There are significant inaccuracies in the project data from the GEF PMIS.

HISTORY

The LDCF was established in response to guidance received from the Seventh Conference of the Parties (COP) to the UNFCCC meeting in Marrakesh in 2001, as one of its climate change adaptation financing mechanisms. The LDCF is mandated by the parties to the UNFCCC to, among others, provide support to LDCs' climate change adaptation efforts, including the preparation of NAPAs and the implementation of NAPA priority projects in LDCs, as well as support for the preparation of the national adaptation plan (NAP) process in eligible developing countries.

The LDCF is replenished through voluntary contributions, and pledges have been made in an ad hoc manner. Over time, there has been an increase in contributions. The GEF Secretariat reported to LDCF/Special Climate Change Fund (SCCF) Council in its November 2012 progress report that, while cumulative pledges had increased over the past 10 years, pledges vary significantly each year. In addition, LDC demand to address needs identified in NAPAs has exceeded the cumulative pledges, which fall short of the estimated $2 billion needed to achieve countries' key adaptation priorities.

RESULTS

Relevance. Analysis of LDCF relevance determined that the large majority (87.6 percent) of NAPA implementation projects do address primary priority areas identified in that country's NAPA report. Most of the remaining NAPA implementation projects reviewed (10.6 percent), while not addressing areas of primary priority identified within their NAPA, do address other priority areas identified.

In all countries visited, LDCF support was confirmed to be even more relevant than it was 10 years ago when most NAPAs were prepared. In the subsequent decade, the need for adaptation efforts has been repeatedly highlighted. Longer droughts and more extreme temperatures and rainfall are examples of climatic events LDCs must handle—and such events are poignant examples demonstrating the need for and relevance of LDCF support.

LDCF resources consistently work toward national initiatives to become more climate resilient, particularly through national agricultural sectors, where the production systems of the poorest populations are typically most vulnerable to accelerated climate change. The fund has established itself as an important instrument for responding to the needs of the poorest members of the global community for whom adaptation to climate change is a far more compelling short-term imperative than mitigation.

Fund efficiency. The project portfolio analysis found that 45 projects have experienced delays in the approval process and during implementation, accounting for 20.7 percent of the portfolio (excluding canceled projects), three-quarters of which experienced delays during GEF-4.

When the LDCF started, many countries found it difficult to access the fund due to a lack of transparency of, and knowledge regarding, the procedures and requirements. Over time, and with the help of the GEF Agencies to improve country capacity to formulate projects, countries learned how to work with the fund. Measures were also taken to expedite the project cycle to approve projects on a rolling basis. This could be the reason for a lower percentage (12.1 percent) of delayed projects during GEF-5. Projects can be delayed for many reasons, and it is difficult to determine whether underlying causes for delays are internal or external in nature.

A consequence of delays, and a concern of some country-level stakeholders, is that the lengthy approval process for projects can negatively affect project relevance and similarly cut the effectiveness of the LDCF and its investments.

The most frequently noted factor affecting LDCF efficiency is unpredictability of funding. The LDCF is replenished through voluntary contributions, and pledges have been made in an ad hoc manner. Over time, there has been an increase in contributions. The GEF Secretariat reported to the LDCF/SCCF Council in its November 2012 progress report that pledges vary significantly each year, though cumulative pledges had increased over the past 10 years. However, LDCs' demand to address needs identified in NAPAs has exceeded the cumulative pledges, which fall short of the estimated $2 billion needed to achieve countries' key adaptation priorities.

Interviews with various stakeholders show that funding issues negatively shape their perception of the fund's transparency. Further, gaps in communication between the GEF Secretariat, the GEF Agencies, and country focal points help perpetuate the sense of a lack of transparency among stakeholders.

Catalytic effects. The analysis of completed implementation projects took into account four types of catalytic effects:

- Production of a public good, where the project has developed or introduced new technologies and/or approaches
- Demonstration, after the production of a public good, successfully disseminating the knowledge or successfully providing training to advance the use of described technologies
- Replication, repeating a successful technology or approach within or outside of a project
- Scaling-up, by which approaches or technologies are accepted and taken to be used at a broader national/regional level

Of the 13 completed implementation projects, almost all exhibited—to varying degrees—all four of the above-mentioned catalytic effects. All completed implementation projects developed public goods and demonstrated new technologies or approaches. Close to half of the projects (6 of 13 projects) also effectively replicated demonstrations and techniques, along with 5 of the remaining projects replicating techniques and approaches to a lesser degree. In scaling up projects, only Samoa and Cambodia performed strongly, while the rest would require additional financing to achieve similar success.

Further analysis identified momentum and synergies generated by LDCF support in relation to developed projects, programs, and associated capacity building. Projects generated significant social, economic, cultural, and human well-being. They built on the traditional knowledge and practices of local communities, affected multiple sectors of the economy, and exerted influence at different levels of society. Projects set the foundations for larger-scale projects through analytic work, assessments, and capacity building, even improving management effectiveness of adaptation-relevant systems at the national and subsequent levels. Projects also helped build longer-term partnerships, and—to a lesser extent—assisted in developing new cost-sharing approaches.

Contributions beyond the climate change focal area. Almost all (94.1 percent) of the LDCF-supported NAPA country reports contributed to other focal areas beyond the climate change focal area. Though it is not within the fund's mandate to explicitly target focal areas other than climate change, by working on agriculture, water resource management, and fragile ecosystems, there are inevitable synergies with the biodiversity and land degradation focal areas, in particular.

Within the portfolio, 11 projects were considered multifocal area projects, which are expected to contribute to global environmental benefits by their nature. NAPA implementation projects are likely to contribute toward three of the six global environmental benefits, specifically:

- Maintaining globally significant biodiversity and the ecosystem goods and services it provides to society
- Sustainable land management in production systems
- Enhancing countries' capacities to implement multilateral environmental agreements and enforce them on a national and subnational level

Gender equality. A gender assessment was conducted as part of this evaluation's portfolio analysis. Twenty-nine percent of NAPA implementation projects included a gender mainstreaming strategy, which aims to ensure gender perspectives and attention to the goal of gender equality are central to most activities; and 47.5 percent gave strong indications that the development of such a strategy or plan was in progress.

Another part of the assessment examined whether gender-related indicators were collected as part of the framework for determining results of projects—in other words, a gender-responsive results framework. Just a third of all LDCF projects included a gender-responsive results framework, while for an additional 45.6 percent the development of such a framework was implied. Under GEF-6, all projects considered gender in their strategy to varying degrees, with none being rated as without regard for gender equality in their design. Only 10.9 percent of the GEF-6 projects assessed included a gender-responsive framework; however, this score also reflects that results frameworks have not been fully developed for projects early on in their development.

Outcomes. The quality at entry review assessed projects that were Chief Executive Officer (CEO) endorsed/approved or under implementation (n = 116), finding that over 98 percent of NAPA implementation projects had a high probability of delivering tangible adaptation benefits.

In terms of sustainability of project outcomes, the likelihood of these tangible

benefits continuing beyond completion of project implementation, 8 of the 11 completed projects are likely to achieve sustainability. The primary concern regarding sustainability relates to ensuring funding beyond project completion.

ISSUES TO ADDRESS

In its evaluation of the LDCF, the GEF IEO reached the following three recommendations:

1. The GEF Secretariat should explore and develop mechanisms that ensure the predictable, adequate, and sustainable financing of the fund.
2. The GEF Secretariat should make efforts to improve consistency regarding its understanding and application of the GEF gender mainstreaming policy and the Gender Equality Action Plan to the LDCF.
3. The GEF Secretariat should ensure that PMIS data are accurate.

LOOKING AHEAD

- **Financial sustainability.** Even projects likely to achieve sustainability of project outcomes cite a lack of assured financing in future phases of project implementation as an issue, especially concerning upscaling. Only 15 percent of completed projects performed well on upscaling. For most projects that received low performance ratings for scaling-up, additional financing will be required to ensure scaling-up. The technical and institutional capacity-building and information-sharing activities had good buy-in from national and local-level officials, but projects highlight further financing beyond the project's time frame as the primary requirement for scaling-up. As such, terminal evaluations recommend that projects identify and implement self-funding mechanisms to move beyond the need for project-specific funding that is not assured into the future.

- **Institutional and sociopolitical sustainability.** Two other issues raised repeatedly in terminal evaluations relate to integrating climate change adaptation with national policies and programs (institutional sustainability), and the need for country ownership to ensure sustainability (sociopolitical sustainability). Taking the Samoa project as an example, the termination evaluation suggests that integrating climate change adaptation with national policies, programs, and relevant sector plans could increase the chances the project's financing becomes a national, sectoral, and/or local priority.

- **Continued evaluations will produce deeper insights.** Currently, of the 13 completed projects, 11 have terminal evaluations and terminal evaluation reviews. Given the depth of insights achieved from this small sample, continuing evaluations as more projects reach completion will build greater momentum and other catalytic effects, improving over time. As results frameworks are further refined (e.g., focusing and improving on the collection of gender-related indicators), the evaluation methodology will help the LDCF pursue more optimal efficiency and greatest impact.

- **Field visit data point toward sustainability.** In Senegal, the results thus far appear highly sustainable—potentially due to the highly participatory methodology promoting progressive ownership of activities by community groups and the use of highly experienced internal experts. The data from the Cambodia field visit point toward a role for private sector involvement and value chain perspectives to move beyond project-related funding and increase the potential for financial sustainability. Results drawn from the Lao PDR field visit data are cautiously optimistic about the sustainability of project outcomes, but this will largely depend on successfully transferring project ownership to local stakeholders. It should be noted that these field visits are not conclusive of universal success, only that the likelihood of achieving sustainability is high.

IEO BRIEF

Program Evaluation of the Special Climate Change Fund

Independent Evaluation Office
GLOBAL ENVIRONMENT FACILITY

This study provides evaluative evidence on progress toward SCCF objectives, along with achievements and lessons learned since the fund's establishment in 2001.

FINDINGS

1. Highly relevant to convention guidelines that relate to the project's specific SCCF activity window and outcome area. There is a high degree of coherence between the scope of SCCF-funded activities and the activity window–specific guidance and priorities of the United Nations Framework Convention on Climate Change (UNFCCC). However, there is only limited crossover between activity window A and window B projects. In particular, adaptation-focused SCCF-A projects rarely contribute to SCCF-B (technology transfer–focused) outcomes.

2. Clear potential for contributing to GEF adaptation strategic objectives. SCCF-supported interventions show clear potential in reaching the GEF's three adaptation strategic objectives. About 84 percent of implementation projects were aligned with all three GEF adaptation strategic objectives from a large to an extremely large degree. The portfolio analysis also showed that 98.7 percent of SCCF-funded projects had a high to very high probability of delivering tangible adaptation benefits.

3. Moderate potential for beneficial synergies with other GEF focal areas. Nearly 60 percent of SCCF projects have synergies with GEF focal areas other than the climate change focal area. Those projects that show synergies have the potential—mostly—to contribute to sustainable land management in production systems, but also to maintaining globally significant biodiversity and—indirectly through technology transfer—increase disposal and reduction of releases of ozone-depleting substances (ODS).

4. Performance efficiency negatively affected by unpredictability of resource availability. SCCF efficiency has suffered from the unpredictable nature of resource availability. Without a formal resource mobilization process, the fund relies on voluntary contributions. Non-Annex I countries that aim to access SCCF support suffer from this resource uncertainty; similarly, GEF Agencies have become reluctant to invest resources in project concept design given this funding uncertainty. This potentially generates a vicious circle where donors are hesitant to support a fund for which there is limited interest, and interest is waning when

PURPOSE AND METHODS: This study seeks to provide insights and lessons on the Global Environment Facility (GEF) adaptation portfolio for the GEF-7 replenishment cycle. It assesses the Special Climate Change Fund's (SCCF's) efficacy, results, successes, and shortcomings through a thorough evaluation of the portfolio.

In addition to a document review and extensive portfolio analysis, the team is conducting three field visits to Ghana, Honduras, and the Philippines; and has carried out interviews with key stakeholders to cross-check and validate the data collected. The data were analyzed and triangulated to determine trends and formulate main findings, conclusions, lessons, and recommendations.

WEB PAGE: http://www.gefieo.org/evaluations/program-evaluation-special-climate-change-fund-sccf-2016

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ABOUT US: The Independent Evaluation Office (IEO) of the GEF has a central role in ensuring the independent evaluation function within the GEF. www.gefieo.org

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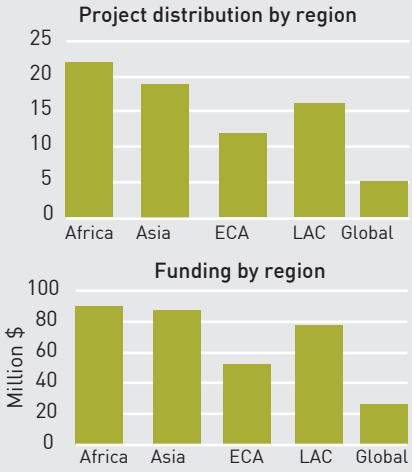
SIXTH COMPREHENSIVE EVALUATION OF THE GEF

PORTFOLIO OVERVIEW

GEF phase	No. of projects	FSP (as % of total no. of projects)	Budgetary allocation (million $)				% of total
			MSP	FSP	Total	Average project size	
3	6	33.3	4.29	11.54	15.84	2.64	4.7
4	19	89.5	2.10	87.45	89.55	4.71	26.9
5	41	95.1	2.69	181.94	184.63	4.50	55.4
6	8	100.0	0.00	43.44	43.44	5.43	13.0
Total	74	89.2	9.09	324.37	333.45	4.51	100.0

Note: MSP = medium-size project, FSP = full-size project; ECA = Europe and Central Asia, LAC = Latin America and the Caribbean.



there is limited anticipation of SCCF support becoming available.

5. Catalytic effects in completed projects. Completed SCCF projects developed and introduced new successful technologies and approaches, which have been demonstrated and—in part—replicated within or outside the project area. SCCF funding supported projects that built on traditional knowledge and practices, and furthermore generated significant social, economic, cultural, and human well-being co-benefits. Projects often have an incubation function, providing an opportunity to pilot new adaptation technologies to scale and feed into larger-scale projects. Three of the 14 completed projects reviewed scaled up well within the project's time frame, or have agreed plans to scale up in a next phase. Most of the other projects reviewed have clear potential to upscale, but any upscaling will invariably require additional financing beyond the initial project time frame.

6. Improved gender performance. From GEF-4 through GEF-6, the number of projects with a gender mainstreaming strategy increased from 12.5 percent to 84.2 percent. All SCCF projects consider gender, to varying degrees, with none rated as gender blind—i.e., without regard for gender equality in their design. However, only 8.1 percent of these are "gender mainstreamed," or make the goal of gender equality central to most, if not all, project activities.

7. Significant inaccuracies in the Project Management Information System (PMIS). There are significant inaccuracies in project data from the GEF PMIS. For example, 56 of the 74 projects that have been Chief Executive Officer (CEO) endorsed, are under implementation, or have been completed had an error in their status registration; and most of the canceled and dropped projects should have been registered as "PIF rejected."

8. SCCF particularly valued by non–least developed countries (LDCs) as a vehicle for testing innovative ideas. Several stakeholders, particularly from non-LDCs, identified the SCCF's role within the adaptation finance arena as a source of support for innovative pilot projects. In light of the Green Climate Fund's (GCF's) operationalization, the SCCF was also seen to have considerable potential as an incubator for supporting the development and demonstration of pre-GCF projects, given that size requirements for GCF projects makes it unsuitable as a testbed for smaller innovative pilots.

HISTORY

The SCCF was established in response to guidance received from the Seventh Conference of the Parties (COP) to the UNFCCC meeting in Marrakesh in 2001, as one of its climate change adaptation financing mechanisms. The mandate provided for the SCCF by the parties to the UNFCCC is broad and includes, among others, support for adaptation activities in seven areas or sectors, climate-related health interventions, disaster risk management capacity development, support of the national adaptation plan (NAP) process in non-LDCs, as well as support for four types of activities with a focus on technology transfer for climate change adaptation and mitigation.

By the first Least Developed Country Fund (LDCF)/SCCF Council meeting in December 2006, 13 contributing participants had pledged $61.5 million toward the SCCF. As of September 30, 2016, 15 donors had pledged and signed contribution agreements/arrangements amounting to $351.3 million. A total of $333.45 million in project financing has been allocated for 74 projects that have been CEO endorsed or are under implementation or completed; these projects leveraged $2.47 billion in cofinancing.

The SCCF project portfolio is well established, with no projects pending CEO approval or endorsement, and with almost 25 percent of projects being completed. The majority of SCCF projects are currently under implementation—43 projects, accounting for $193.48 million.

RESULTS

Relevance. The fund's relevance was reviewed by analyzing the degree of alignment between SCCF-supported projects (74 projects) on the one hand and, on the other, (1) relevant UNFCCC guidance and decisions, (2) the GEF's strategic pillars for adaptation, (3) the GEF's strategic objectives for adaptation, and (4) potential

contributions to GEF focal areas other than climate change.

Analysis on SCCF relevance determined that the projects are highly relevant to convention guidelines that relate to the project's specific SCCF activity window and outcome area. However, projects in the SCCF-A activity window rarely contribute to SCCF-B outcome areas. Projects are highly relevant toward the first GEF strategic pillar of integrating climate change adaptation into relevant policies, plans, programs, and decision-making processes. There is less alignment with the second GEF strategic pillar for adaptation on synergies; almost 40 percent of the SCCF projects did not align with the second GEF strategic pillar on synergies with other GEF focal areas.

In terms of relevance to GEF focal areas, almost 45 percent of projects potentially offer support in the area of land degradation. The apparent potential for support to other focal areas is far more modest. Close to 19 percent of projects appear likely to provide support in the ODS focal area, compared to 16.2 percent for biodiversity and 5.4 percent for international waters.

In countries visited and during interviews with key stakeholders, SCCF support was confirmed to be even more relevant in today's changing adaptation finance landscape. SCCF-supported projects are strongly country driven; tightly aligned with national environmental and development goals; and provide an opportunity to pilot new adaptation technologies and innovations to scale, to feed into larger-scale projects. The SCCF was found to be particularly relevant to non-LDCs, as other adaptation-focused finance opportunities for them are comparatively limited.

Fund efficiency. The SCCF portfolio analysis found that 26 projects have experienced delays in the approval process and during implementation, accounting for 35.1 percent of the portfolio (n = 74, excluding canceled projects). Causes of delay will be further analyzed as part of continuing interviews and data triangulation. Projects can be delayed for many reasons, and it is difficult to determine whether underlying causes are internal or external in nature—but close to 85 percent of delays were experienced by projects that were approved during GEF-3 and GEF-4.

When including canceled, dropped, and rejected projects in the SCCF portfolio analysis, almost 37 percent of all projects (43 of 117) were canceled, dropped, or rejected. The reasons for exclusion will be further analyzed; initial findings show that many should have been registered as "PIF rejected" in the PMIS. Due to an imbalance between funding needs and SCCF resources, there is a high level of competition for funding, resulting in a relatively large number of projects that ultimately get rejected.

The most frequently noted factor affecting SCCF efficiency is unpredictability of funding. The SCCF is replenished through voluntary contributions, and pledges have been made in an ad hoc manner. Over time, there has been an increase in contributions, but non-Annex I countries' demand for funding far exceeds the cumulative pledges. The GEF has reported that, during fiscal year 2014, the SCCF could only meet less than 30 percent of the demand captured in the priority project documents submitted to the GEF Secretariat for technical review and work program entry. Since then, the SCCF has only received $7.19 million in pledges—which is not anywhere close to the $100–$125 million SCCF resources needed to fulfill the results of the work program envisaged in the Council-endorsed GEF programming strategy on adaptation to climate change. Given the funding uncertainty, GEF Agencies are hesitant to invest resources in project concept design. This potentially generates a vicious circle where donors are hesitant to support a fund for which there is limited interest, and interest is waning when there is limited anticipation of SCCF support becoming available.

Catalytic effects. The analysis of completed SCCF projects with respect to catalytic effects (n = 14) revealed that most projects developed public goods and effectively demonstrated new technologies or approaches. Over 35 percent of the projects also replicated demonstrations and techniques from a large to an extremely large extent.

Three projects—in the Andean region, China, and Morocco—performed well on scaling-up. The other projects would require support, often including additional financing, toward a next phase to achieve similar success.

Gender equality. A gender assessment was conducted as part of the portfolio analysis. Close to 11 percent of SCCF projects included a gender mainstreaming strategy to ensure gender equality as an outcome of the project, while 43.2 percent indicated that the development of such a strategy was planned or in progress. Considering the whole portfolio, over 51 percent of SCCF projects included gender-disaggregated indicators. When later GEF phases are considered in isolation, this figure is higher: 63.4 and 87.5 percent for GEF-5 and GEF-6, respectively. All SCCF projects consider gender, to varying degrees, with none being rated gender blind—i.e., without regard for gender equality in their design.

Outcomes. The quality at entry review conducted as part of the portfolio analysis)assessed projects that have been CEO endorsed/approved (n = 74), finding that over 98 percent of SCCF projects had a high to very high probability of delivering tangible adaptation benefits.

In terms of sustainability of project outcomes—the likelihood of adaptation benefits continuing beyond completion of project implementation—10 of 13 completed projects reviewed were rated moderately likely to likely to achieve sustainability. For 9 of these 13 projects, the primary concern regarding sustainability involves ensuring funding beyond the project's completion.

LOOKING AHEAD

- **Continued evaluations will produce deeper insights.** Currently, of the 18 completed projects, 14 have terminal evaluations and 13 have received annual performance review (APR) ratings. Given the depth of insights from this small sample, continuing the gathering and analysis of evaluative evidence as more projects reach completion will further the SCCF's ability to improve on achievement of project outcomes.

IEO BRIEF

Impact of GEF Support on National Environmental Laws and Policies in Selected Countries

Independent Evaluation Office
GLOBAL ENVIRONMENT FACILITY

This evaluation examines how GEF-funded projects in six different countries led to changes in national legislative statutes and regulations.

FINDINGS

1. Recognition in GEF strategies. The need for strong environmental laws is clearly recognized in GEF strategies. Laws are needed to regulate the behavior of individuals, private institutions, and government in order to accomplish specific public aims. In this regard, international conventions, including those for which the GEF serves as the financing mechanism—i.e., the United Nations Framework Convention on Climate Change (UNFCCC), the United Nations Convention to Combat Desertification (UNCCD), and the Convention on Biological Diversity (CBD)—oblige parties to enact the laws needed to accomplish stated objectives.

2. GEF supports countries in the law-making process. Activities range from research on environmental conditions and reviews of existing laws to providing justification for proposed legal reform, as well as facilitation of a consultative process and political advocacy work. In some cases, projects also include assistance with technical drafting of laws, regulations, and policies and in designing national strategies adopted by resolution.

3. The GEF has contributed to enactment of environmental laws. GEF-funded projects have contributed to the enactment of statutes and implementing regulations across various focal areas. While there are examples of projects having led to the establishment of wholly new statutes, most reforms have been in the form of amendments to existing statutes or the enactment of regulations under a standing statutory authority.

4. Many factors influence reforms. The ability to enact laws is affected by a number of factors, including the scope of the proposed law, political sensitivities, competing interests of different constituencies within government and the general population, government budgetary implications, the stability of government structures, continuity among key officials, and the technical capacity of government institutions. With respect to the latter, governments have finite—often limited—resources that can be used to advance their legislative and regulatory agendas; institutions are often spread thin.

5. Legal reforms are necessary, but not always sufficient to achieve aims.

PURPOSE AND METHODS: This study looks at how Global Environment Facility (GEF) support has helped strengthen policy and legal frameworks around the world. It examines the role GEF projects have played in the legislative/rule-making process, the purpose and content of laws, and the process and status of implementation; it also assesses results against stated aims. The study focused on Belarus, Brazil, Kazakhstan, Namibia, the Philippines, and Vietnam and projects in biodiversity (six), climate change (four), land degradation (one), and multifocal areas (two). While the evaluation enabled results to be tracked over time, government and consultant staff turnover made data gathering a challenge.

WEB PAGE: http://www.gefieo.org/evaluations/impact-gef-support-national-environmental-laws-and-policies-selected-countries

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Effectiveness of the law depends on many factors, including the specific content and wording of provisions in the law, the degree of awareness and understanding of the law among those directly affected, and the strength of administrative or judicial enforcement.

6. There is room for improvement in project design and evaluation. GEF Agencies and implementing partners are often overly optimistic about the likelihood and pace of legal reform. Documents generally do not describe the specific role of projects in advancing legal reforms; the content and wording of laws as proposed or enacted; or the extent to which laws, once enacted, achieve stated aims. In general, the data needed to assess the effectiveness of legislation or regulations are not available.

HISTORY

Efforts to work with countries on the establishment of laws take place within the context of international conventions, particularly those classified as multilateral environmental agreements. These agreements include, but are not limited to, those for which the GEF serves as a financing mechanism—i.e., the CBD, the UNFCCC, the UNCCD, the Stockholm Convention on Persistent Organic Pollutants, and the Minamata Convention on Mercury. Each convention obliges the parties to put needed legal frameworks in place. However, the conventions are generally silent on the specific content of such legislation, and—with some exceptions—there are no procedures in place to assess whether the legal framework is sufficient to meet the aims of the conventions.

For example, the preamble to the UNFCCC recognizes that "states should enact effective environmental legislation..." However, it does not require the parties to adopt specific legal provisions. And Article 5.e of the UNCCD requires countries to "provide an enabling environment by strengthening, as appropriate relevant existing legislation and, when they do not exist, enacting new laws and establishing long-term policies as action programmes." However, it is silent on the content of such legislation, and legislative guidelines have not yet been developed.

All of the GEF strategies developed over the last three cycles include efforts to strengthen legislative and/or regulatory frameworks. The strategies recognize that countries need strong rules founded in law to establish protected areas, prohibit trade in endangered species, control water use, reduce reliance on fossil fuels, ban or restrict the use of certain chemicals, and regulate other behavior that has a negative impact on the environment and well-being of their citizens.

RESULTS

The GEF supports governments in the law-making process. The bulk of GEF-funded projects in the countries analyzed in this study have included activities that aim at the passage of laws at the national level. Generally, these activities were included as small components of much larger projects. Recognizing the importance of the harmonization of national laws, projects sometimes addressed a set of laws that had a bearing on a particular policy aim.

For example, the effort to protect wetlands in Kazakhstan required changes in the Law on Specially Protected Natural Areas; the Law on Protection, Reproduction and Use of Wildlife; and the Water Code. The specific activities ranged from research on environmental conditions and reviews of existing laws to providing the justification for proposed legal reform as well as facilitation of a consultative process and political advocacy work. In some cases, projects also included assistance in the technical drafting of laws. While GEF-funded projects informed deliberations on drafted laws, decisions on the final form and content of laws lay solely with the legislature and authorized regulatory bodies.

Mixed results. GEF-funded projects contributed to the enactment of statutes and implementing regulations across different focal areas. While there are examples where projects led to the establishment of wholly new statutes, most reforms have been in the form of amendments to existing statutes or the enactment of

REFERENCES TO LEGAL AND REGULATORY REFORM IN GEF FOCAL STRATEGIES

Focal area	GEF 2014–18
Biodiversity	"GEF will support the development, adoption and enforcement of *policy and regulatory frameworks and legislation* to mitigate marine-based pollution and damage to coral reef ecosystems."
Land degradation	"GEF recognizes that successful SLM [sustainable land management] investment requires appropriate enabling environments, such as effective policies, *legal and regulatory frameworks*, capable institutions, and mechanisms for monitoring and knowledge sharing."
Climate change	"Five key Programs of GEF-6 interventions support the three objectives... The programs...aim to achieve the following three outcomes... *Policy, planning and regulatory frameworks* to foster accelerated low GHG [greenhouse gas] development and emissions mitigation..."
Chemicals, including persistent organic pollutants	"This objective [CW1] will develop *policy, legislative*, financial, economic, technical and technological tools that will remove barriers to scaling up interventions, including access to finance."
International waters	"The development and reform of supportive policy and *legislative frameworks* and institutional capacity building is at the heart of the GEF's international waters portfolio approach for the improved management of transboundary waters."

Sources: "Focal Area Strategies and Strategic Programming for GEF-4," GEF Policy Paper, 2007; GEF-5 Focal Area Strategies; "GEF-6 Programming Directions," GEF Assembly Document GEF/A.5/07/Rev.01, 2014.

regulations under a standing statutory authority.

In Kazakhstan, a series of related biodiversity and land degradation projects contributed to the new Law on Specially Protected Natural Areas (2006) and subsequent amendments in 2011 and 2012; amendments to the Water Code (2009); amendments to the Forestry Code (2009, 2011 and 2012); amendments to the Land Code (2011); and amendments to the Law on the Protection, Reproduction and Use of Wildlife (2010).

In Namibia, legal reform has been more challenging. It was envisioned that projects would lead to passage of the Parks and Wildlife Act, the Integrated Coastal Zone Act, the Renewable Energy Act, and the Energy Conservation Act. While regulations and administrative directives based on standing statutory authority have been put in place, none of the intended statutes has been enacted. Proponents of the Parks and Wildlife Bill have been unable to win passage of the law despite years of effort. The Integrated Coastal Zone Bill is still under cabinet review four years after the underlying policy was approved and one year after the GEF-funded project came to a close.

Many factors influence success in the reform process. Regardless of whether a project was eventually successful, in all cases, governments had an appreciation of the challenges faced by the state in addressing environmental concerns and lead ministries were predisposed to legal reform at the time projects were approved. In fact, projects were approved, in part, specifically because government officials acknowledged the need for legal reform and committed to specific actions as detailed in agreed project documents.

The ability to enact laws is affected by a number of factors, including the scope of the proposed law, political sensitivities, competing interests of different constituencies within government and the general population, government budgetary implications, the stability of government structures, continuity of key officials, and the technical capacity of government institutions. With respect to the latter, governments have finite, and often limited, resources that can be used to advance their legislative and regulatory agendas; institutions are often spread thin. For example, in the Philippines, while policy reforms at the local level are being sustained by local stakeholders, the gains are limited—in the absence of a congressional act—to setting aside protected areas.

Legal reforms are necessary but not always sufficient to achieve aims. In general, the laws established with the support of GEF-funded projects are intended to achieve environmental aims by regulating the behavior of individuals or institutions, allowing for the provision of public or private services, and establishing requisite conditions for legal arrangements among parties. However, the country studies demonstrate that the effectiveness of the law is dependent on many factors, including the specific content and wording of provisions in the law, the degree of awareness and understanding of the law among those directly affected, and the strength of administrative or judicial enforcement.

Capacity-building and enabling activities play a role. Capacity building facilitated through GEF foundational support is likely to enhance progress in legislative action. In Nicaragua, building institutional capacity facilitated the development of an adaptation strategy for hydrological resources and watershed agricultural systems. Enabling activities have facilitated the development of national implementation plans (NIPs) and have influenced regulation concerning persistent organic

SUMMARY OF LAWS AND RESULTS BY COUNTRY

Country	Law drafted or amended with GEF support	Results
Belarus	National Strategy for Peatlands and the scheme for wise use of peat deposits and sustainable management of peatlands to 2030	Twenty-four project sites have been restored for a total area of more than 51,000 ha (10% of the area of degraded peatlands). A significant decrease in the square ha of fires with a high of 18,500 ha in the early 2000s to only 184 ha in 2015.
Brazil	Law on Payment for Environmental Services	Until 2016, program served about 1,939 farms, enabling restoration of at least 6,492.29 ha. It restored 1,807.37 ha with planting of seedlings, 2,434.63 ha in natural regeneration, 1,186.22 ha in agroforestry systems, 573.05 ha in silvo-pastoral systems, and 491.02 ha in managed forests.
Kazakhstan	Law on Energy Saving and Energy Efficiency Improvements	Government allocated $62 million to improve energy efficiency in residential buildings between 2011 and 2014. Heating systems were renovated in 1,000 residential buildings.
Namibia	Development of a Regulatory Framework for Renewable Energy and Government Directive	Power purchase agreements signed with 13 solar photovoltaic projects and 1 wind project. An 800m MW gas-fired power station will come online this year.
Philippines	Administrative reforms to promote energy efficiency lighting systems	Aggregate energy savings through the project are 7,684 GWh; total greenhouse gas emissions reductions are 3.4 million tonnes of carbon dioxide.
Vietnam	National Strategy for Urban Lighting	Twenty-five provinces have developed regulations on public lighting, and electricity consumption for public lighting has declined from 6.71% per year in 2010 to 4.8% in 2014–2016 (estimated).

pollutants (POPs) in Costa Rica, Nicaragua, and Turkey.

Unrealistic expectations. Project documents often conflate policy statements, legislative statutes, regulations issued by authorized bodies, and administrative directives. These are very different in terms of their legal authority and development process. With respect to statutes and regulations, the case studies reveal a tendency among stakeholders to misjudge the ability of governments to enact laws within the time frame of the project. Specifically, GEF Agencies and implementing partners are often overly optimistic about the likelihood and pace of legal reform.

Limited follow-up. Statements made at the outset of projects that reforms are imminent are often repeated in annual progress implementation reports (PIRs) and final evaluations. With respect to evaluations, documents generally do not describe the specific role of projects in advancing legal reforms, the content and wording of laws as proposed or enacted, or the extent to which laws once enacted achieved stated aims. In general, data needed to assess the effectiveness of legislation or regulations are not available.

LOOKING AHEAD

- **Paving the way for the private sector through greater focus on legal and regulatory reform.** There is broad recognition among private sector players, as reflected in a survey of the private sector, that inconsistent regulatory frameworks hamper the environmental finance landscape. This is a particular issue in developing countries, where the need for environmental finance is higher, and consistent government regulation is scarce. Government regulation can also act to provide opportunities or can act as collateral and reduce risk, or can transform the environmental benefits of investments from externalities into monetary returns. The private sector sees a greater role for the GEF in helping governments and financial regulatory bodies put in place policies, regulations, or particular incentives that allow financial instruments aimed at environmental benefits (e.g., green bonds) to thrive.

- **Undertake medium-size projects that focus solely on legal reforms.** Rather than embedding work on legal reforms in a component of a project, the GEF should consider structuring some entire projects around advancing a specific set of legal reforms, particularly in countries with limited institutional capacity. This should focus on putting laws in place that are needed to meet goals defined in international conventions for which the GEF serves as the designated financing mechanism. Where applicable, legislation should follow guidelines established by the conference of the parties (COP). Implementing Agencies should work with government to determine legislative priorities and establish a coherent legislative strategy, including the development of legislation, cabinet reviews, briefings for members of the legislature, legislative hearings, committee and floor amendments, and conference considerations, if applicable.

- **Strengthen plans presented in project documents.** When reforms are contemplated, the GEF should ensure that project documents are more realistic about the likelihood and timing of potential law reforms. If the need for a specific environmental law or policy reform is identified, the document should describe how it fits into the government's legislative/regulatory agenda with specific details on the extent of support from key stakeholders, including government officials, parties directly affected, and the general population.

- **Improve monitoring and evaluation.** Legal and policy reforms have the potential for large-scale impacts. The GEF should consider modifying the Project Management Information System (PMIS) to enable project components that deal with legal reforms to be identified and tracked in the system. Evaluations should be more rigorous, including an assessment of project activities undertaken to advance legal reforms, resulting changes in the laws and policies, and the extent to which laws achieved stated aims.

IEO BRIEF

Transformational Engagements

Is there evidence of GEF support to transformational change?

Supporting transformational change is one of the strategic priorities of the GEF and has been outlined in the 2020 vision. The objective of this study is to inform the GEF-7 replenishment discussion on lessons from the GEF experience in supporting transformational change, which is characterized by interventions that achieve deep, systemic and sustainable change with large-scale impact in an area of major environmental concern. The emerging findings presented here are based on an ongoing study that will be completed in May 2017. The study, based on a purposeful sample of eight projects, draws on evaluation evidence complemented by case study analysis, interviews, and qualitative comparative analysis to better understand the drivers of and constraints to transformation. The study develops a theory of change of transformation, and presents the application of this framework to one of the projects identified as transformational.

FINDINGS

While it is too early to report on conclusions of the analysis, the following common elements characterize the transformational engagements selected.

- **Initial intent of ambition.** Most interventions that achieved transformational change had ambitious objectives in terms of aiming at a profound, fundamental, and lasting breakthrough in addressing a market distortion or systemic bottleneck.
- **Quality of implementation and execution.** Most interventions that achieved transformational change were well implemented in terms of quality of project design, supervision and assistance by the GEF Agency, and the effectiveness of the executing agency in performing its role and responsibilities.
- **A propagation driver.** Most interventions that achieved transformational change established a self-sustaining mechanism that will continue to scale up and expand impacts after completion of the intervention.
- **Financial sustainability.** Most interventions that achieved transformational change integrated the changes within government budgetary systems or generated their own revenue streams to sustain them.

PURPOSE AND METHODS: The objective of this study is to review the Global Environment Facility (GEF) experience with a purposeful sample of operations that have generated transformational results and to identify the factors in the design, implementation, and context of these operations that have contributed to such results, and distill the lessons learned.

The purpose is to help improve the identification, design, and organization of future operations aimed at catalyzing transformational change.

WEB PAGE: http://www.gefieo.org/evaluations/transformational-engagements

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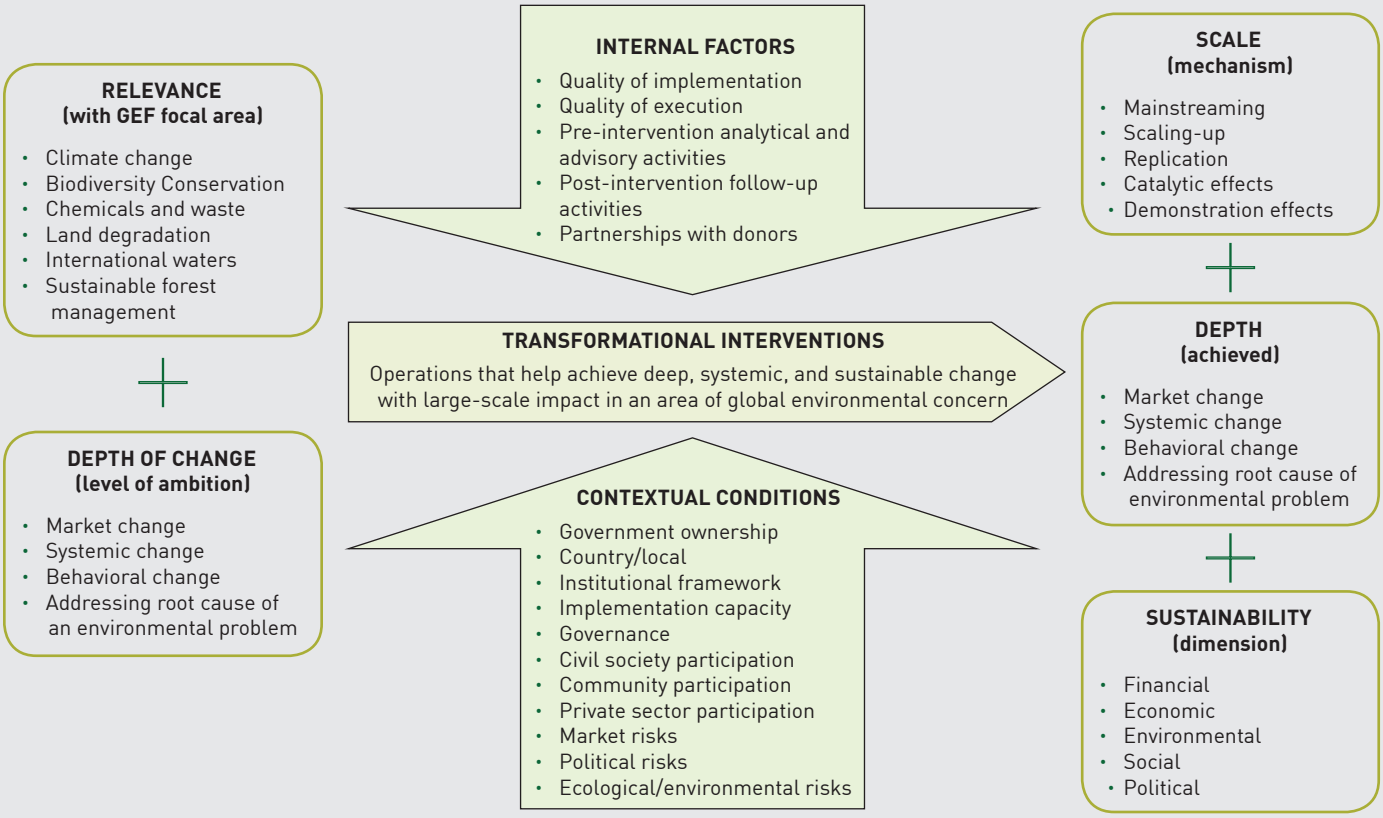
OPS6
SIXTH COMPREHENSIVE EVALUATION OF THE GEF

THEORY OF CHANGE FOR GEF TRANSFORMATIONAL INTERVENTIONS



METHODOLOGY AND APPROACH

This study is designed to explore the following evaluative questions:

- What are the necessary and sufficient conditions for GEF interventions to achieve transformational change?
- What causal factors make a difference in the outcome?

Specifically, there are four criteria that permit differentiation between transformational interventions and engagements that are "merely" highly successful, complex, or large in size:[1]

- **Relevance.** The intervention addresses a global environmental challenge such as climate change, biodiversity loss, or land degradation.
- **Depth of change.** The intervention causes or supports fundamental change in a system or market.
- **Scale of change.** The intervention causes a large-scale impact at the national, regional, or global level.
- **Sustainability.** The impact is economically, financially and environmental sustainable in the long term, after the intervention ends.

The underlying theory of change (see figure above) is that by strategically identifying and selecting projects that address environmental challenges of global concern and are purposely designed to support fundamental changes in—i.e., "flip"—key economic markets or systems, GEF interventions will be more likely to cause a large-scale and sustainable impact, subject to the quality of implementation/execution and supportive contextual conditions. An outline of the theory of change, and the main causal conditions

WHAT IS TRANSFORMATIONAL CHANGE?

- Between 2005 and 2015, China's wind power capacity increased from 1.3 GW to 129.3 GW, producing about 3.3 percent of its electricity, and avoiding about 82.7 million tons/year of carbon emissions.
- The management effectiveness was improved in about 98 percent of Namibia's protected areas, while estimated populations of lion, leopard, cheetah, and wild dog doubled from 2004 to 2012.
- About 1.3 million households in remote, off-grid areas of Africa have purchased quality-certified solar photovoltaic lanterns at market prices through a market transformation scheme supported by the Lighting Africa program.

[1] Independent Evaluation Group, *Supporting Transformational Change for Poverty Reduction and Shared Prosperity—Lessons from the World Bank Experience*. Washington, DC: World Bank, 2016.

and indicators is shown in the figure. This theory of change will provide a basis for the specification of a qualitative comparative analysis model that will be used to pursue the evaluative questions.

As a first step, GEF Agencies were invited to identify recently completed and evaluated interventions in line with the above criteria, for potential inclusion in this study. There were 156 projects nominated: 93 by the World Bank, 45 by the United Nations Development Programme (UNDP), 14 by the United Nations Environment Programme (UNEP), 2 by the Food and Agriculture Organization of the United Nations (FAO), and 2 by the Asian Development Bank (ADB). Applying key criteria of transformation, eight illustrative interventions were selected to represent—to the extent feasible—all GEF focal areas and responding Agencies, with careful consideration of the availability and quality of evaluative evidence, especially with respect to the scale, depth, and sustainability of transformational impacts. The list of transformational projects identified includes the following:

- Amazon Protected Areas Program
- China Renewable Energy Scale-up Program—Phase I
- Lighting the Bottom of the Pyramid
- Namibia—Strengthening Protected Areas
- Promoting Payments for Environmental Services and Related Sustainable Financing Schemes in the Danube Basin
- Sanjiang Plain Wetlands Protection Project
- Uruguay Wind Energy Programme
- Uttarakhand Decentralized Watershed Development Project

The application of the framework to assess transformational change is presented in the box to the right.

CHINA RENEWABLE ENERGY SCALE-UP

The First Phase of the China Renewable Energy Scale-up Program (CRESP-I), approved in 2005, was a programmatic, sectorwide intervention that integrated (1) a GEF grant (GEF ID 943, $40.2 million) aimed at supporting the development of the legal, regulatory, and policy framework needed to stimulate demand for renewable energy and to build a strong renewable energy equipment manufacturing industry; and (2) two World Bank loans ($87.0 million and $86.3 million) to support pilot investments in four participating provinces. The project objectives aimed at major changes in China's renewable energy system and market: (1) to create a legal, regulatory, and institutional environment conducive to large-scale renewable electricity generation; and (2) to demonstrate success in large-scale, renewable energy development with local developers in four provinces.

Five years after the project's closing in 2011, the Project Performance Assessment Report (PPAR) concluded that CRESP-I has made a substantial contribution to the transformation of China's renewable energy sector from an early piloting and demonstration stage to its development into a global leader in wind energy generation and the manufacture of wind power equipment. Thus, between 2005 and 2010, China's installed wind power capacity increased from 1.3 GW to 29.6 GW, greatly exceeding the original 11th Five-Year Plan target of 10 GW. As of 2015, installed wind capacity had reached 129.3 GW, amounting to 3.3 percent of China's electric power generation and equivalent to about 82.7 million tons per year of avoided carbon emissions.

These impacts are likely to be sustained given the government's implementation of a project-recommended tariff policy that delivers attractive financial returns to renewable energy investors, and its commitment to further increase the share of nonfossil fuels to 15 percent by 2020—up from 9.4 percent in 2010 to 12.0 percent in 2015.

The main factors that contributed to the project's transformational impact can be summarized as follows.

- The three-way integration of institutional development and capacity building, technology improvement, and investment activities in a single intervention with mutually reinforcing components created the momentum needed to pursue regulatory reforms and overcome the resistance of established interests in the sector.
- The extensive efforts by the Bank—supported by GEF project development facility (PDF) B and C grants—through workshops, study tours, and studies during a multiyear preparation period were essential to achieve consensus and cohesiveness about key policy directions and reforms.
- The project's experience with cost-shared subgrants—where the grant provides 20–25 percent of total research and development costs—leveraged substantially greater investments by the implementing counterparts, enhanced selectivity, and built ownership and commitment.
- The long-term, predictable, and financially attractive price signal implemented by the government, as recommended by project-supported studies, provided an effective stimulus for continuing and expanding investments in renewable energy.

Source: Independent Evaluation Group, "Project Performance Assessment Report: China—First Phase of the Renewable Energy Scale-up Program and Follow-up Project to the First Phase of the China Renewable Energy Scale-up Program." Report in preparation, World Bank, Washington, DC, 2017.

IEO BRIEF

Impact Evaluation of GEF Support to Protected Areas and Protected Area Systems

Independent Evaluation Office
GLOBAL ENVIRONMENT FACILITY

The GEF has been the major source of financial and technical support for countries seeking to conserve and use their biological resources in a sustainable way.

FINDINGS

1. Targeting pressures beyond PAs. Loss of global biodiversity continues at an alarming rate, driven largely by habitat loss due to multiple development pressures, and exacerbated by worsening demographic trends and climate change. Since the pilot phase, GEF strategies have increasingly targeted these development pressures beyond PAs. This is seen in the shift in priorities from the establishment of individual PAs during the pilot phase, toward the sustainability of PA systems and networks, and mainstreaming of biodiversity in productive landscapes and production sectors starting in GEF-4, and now toward interventions targeting very specific drivers through the integrated approach pilots.

2. Lowering habitat loss. The GEF has helped protect at least 2.8 million km^2 of the world's nonmarine ecosystems. Of the 1,292 GEF-supported PAs geocoded by the evaluation, 58 percent are classified as Key Biodiversity Areas (KBAs), currently the highest scientific standard used to assess global biodiversity significance. GEF support is contributing to biodiversity conservation by helping lower habitat loss in PAs, as indicated by less forest cover loss in GEF-supported PAs compared to PAs not supported by the GEF. GEF-supported PAs also generally show positive trends in species populations and reduced pressures to biodiversity at the site level.

3. Increased capacities. GEF support has helped build capacities that address key factors affecting biodiversity conservation in PAs, mainly in the areas of PA management, support from local populations, and sustainable financing. In visited sites, GEF support was found to have contributed to developing dedicated PA staff and leadership, and synergistic relationships with other donors and local government. Stronger management capacities were seen in the form of expanded PA staff skills, upgraded equipment and infrastructure, stable funding for PA operations, and monitoring and reporting systems for both management and biodiversity targets. In many cases, PA management activities have produced social and economic benefits, which have helped improve community attitudes toward the PA and their willingness to cooperate with PA staff. Despite improvements,

PURPOSE AND METHODS: This evaluation assessed the impacts of Global Environment Facility (GEF) support to biodiversity conservation in nonmarine protected areas (PAs) and PA systems. It also assessed GEF contributions to the broader adoption of management and governance approaches, and the factors and conditions that affect the interaction between human livelihood objectives and biodiversity objectives. The evaluation portfolio covered 618 projects in 137 countries, over the period 1991–2015. Findings were derived from portfolio, geospatial, and case study analyses, including interviews and field visits in seven countries. The evaluation was carried out jointly with the Independent Evaluation Office of the United Nations Development Programme (UNDP).

WEB PAGE: http://www.gefieo.org/evaluations/biodiversity-impact-evaluation-support-protected-areas-and-protected-area-systems

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ABOUT US: The Independent Evaluation Office (IEO) of the GEF has a central role in ensuring the independent evaluation function within the GEF. www.gefieo.org

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sustainable financing of PAs remains a concern.

4. Large-scale change in governance. GEF support contributes to large-scale change in biodiversity governance in countries by investing in PA systems, including legal frameworks that increase community engagement. As of 2008, the GEF had invested in the PA systems or subsystems of 57 countries. These investments have supported policy development and management capacities, and promoted the implementation of innovative management approaches and sustainable financing mechanisms. Through interventions at the PA level, GEF support is also helping catalyze gradual changes in governance and management approaches that help reduce biodiversity degradation. In many cases, interventions implemented at the PA level are part of a larger system-wide intervention. All PAs that reported mainstreaming, replication, or scaling-up of GEF-supported interventions also continued or sustained these interventions within the PA.

5. Key elements of support. GEF support allows adaptability to changing circumstances and higher likelihood of sustained or scaled-up outcomes in cases where it combines three key elements: long-term engagement; financial sustainability; and creation of links across multiple approaches, stakeholders, and scales. Longer-term projects enabled the testing and scaling-up of innovative management approaches that other funders, especially governments, found too risky to invest in. In addition, the GEF invests in the adoption of a range of innovative approaches introduced by multiple stakeholders, rather than any single approach. GEF funding was also found to give greater attention to creating links between different scales and among different stakeholders that otherwise would not interact over a longer period of time. GEF cofinancing requirements often served to attract investments by other funders toward more tangible outcomes such as infrastructure in biodiversity-related projects, which complement GEF projects focusing more on process-oriented activities that yield benefits over the long term. In general, GEF's cofinancing requirements also helped catalyze collaboration among stakeholders, allowing coordination with funding from governments and other donors. In cases where countries did not request support at the system level, the GEF was unable to deliver interventions in this manner.

HISTORY

Since its pilot phase, the GEF has adopted a comprehensive approach to biodiversity conservation. The operational programs developed in 1995 for GEF-1 and GEF-2 were explicitly about GEF support being closely linked to the relevant conventions, including the Convention on Biological Diversity (CBD). The five general approaches to biodiversity conservation were specified as long-term protection, sustainable use, addressing underlying causes and policies, stakeholder involvement, and targeted research. PAs fell under the first approach of long-term protection, including a variety of interventions ranging from PA demarcation, establishment of long-term funds, promotion of local participation and integrated conservation, and application of geospatial technology for PA management. The 2004 Biodiversity Program Study indicated that 75 percent of GEF biodiversity projects since the pilot phase included some PA elements.

Biodiversity priorities in GEF-3 had an explicit focus on providing support for a representative range of ecosystem types. Both GEF-4 and GEF-5 biodiversity focal area programming evolved in tandem with CBD strategies by giving more attention to the management and sustainability of PA systems and networks, rather than establishing or supporting individual PAs.

GEF-4 strategic priorities began to make GEF support more explicit for policies that mainstream biodiversity conservation (e.g., reforms to remove institutional inefficiencies and perverse incentives) and markets for biodiversity-friendly goods and services. GEF-5 focal area objectives also explicitly addressed broader drivers by reducing the threats to globally significant biodiversity, supporting the sustainable use of biodiversity, and mainstreaming biodiversity conservation in production landscapes/seascapes and sectors.

GEF-6 programming directions have a strong focus on addressing drivers to better tackle the root cause of environmental degradation—and thus position GEF support to better contribute to address the current needs of PAs and the factors affecting the long-term loss of biodiversity.

Thus, while on the one hand addressing the immediate localized pressures to biodiversity, GEF support has from inception also increasingly sought to address upstream factors affecting PAs. Previous evaluations have pointed out many lessons learned from this experience that are being applied more broadly, including engaging local stakeholders in many of the major PA issues affecting biodiversity. The GEF considers integration of PA management with that of their surrounding areas important because it can provide benefits to both biodiversity and human well-being.

RESULTS

Conservation outcomes. Geospatial analysis of data available between 2001 and 2012 show that GEF-supported PAs lost up to four times less forest cover than the countrywide aggregate, and at least two times less than PAs that were not supported by the GEF in the same biomes and countries. Choosing a country where highly reliable data on GEF support were available, analyses show that GEF-supported PAs in Mexico avoided up to 23 percent forest loss from 2001 to 2012 compared to PAs that did not directly receive GEF support during this period, with results varying across biomes and ecoregions. Another analysis looked at 88 cases of species in 39 GEF-supported PAs, supported by 29 projects where conservation of these species was linked with project objectives. The analysis found that 45 percent of these cases had a positive trend in wildlife abundance, 39 percent presented no change, and 16 percent showed negative trends. In PAs where conservation of a particular species was not strongly linked with GEF project objectives, there was a greater incidence of the species population trend not changing or worsening. Of 191 completed projects reviewed, 68 percent reported positive environmental impacts. Field visits corroborate that GEF support has helped reduce threats to biodiversity at the site level.

Management approaches. Information gathered through the Management Effectiveness Tracking Tool (METT) indicates that GEF-supported PAs tend to have well-established legal status, boundaries, and design. Improvements over time were greatest in process-related aspects such as management planning,

law enforcement, PA regulations, and resource inventory. Key contributing factors to improved law enforcement and compliance with regulations were found to be a combination of strong management capacities and community engagement activities—both of which the GEF has supported to a significant extent in the majority of PAs. The evaluation found that key to the effective operation of PAs is a consistent source of funding. Yet only in a few of the visited PAs did governments increase official PA budgets. PAs that benefited from sustainable financing mechanisms or relatively stable sources of revenue were able to fund operational costs without being highly dependent on national government budget allocations.

Community engagement. Sixteen of the 17 GEF-supported PAs visited reported increased community participation with GEF support indicated as contributing to such success in 14 of the PAs. Most commonly, community participation involves vigilance and intelligence gathering and joining park staff in PA management activities. Field interviews revealed that positive changes in community attitudes and interactions were the result of three types of interventions: environmental education; establishment or improvement of mechanisms for dialogue and cooperation between communities and PA staff, often through the adoption of co-management approaches and/or a legal framework that establishes use or management rights for communities; and the creation of benefits for communities as part of PA management activities, or at least the implementation of measures to mitigate the loss of economic benefits.

Governance support. One of the earliest ways in which GEF support dealt with systemic challenges to governance at the PA level was by helping strengthen the country's PA system. In the four visited countries that received support at this scale, the GEF was credited for contributing to policy making grounded in scientific research and broad stakeholder consultation, improved human resource management, and greater financial transparency and efficiency. Sustainable financing mechanisms established with support from the GEF in three of the countries have allowed the national government to eventually take on the costs of sustaining the PA system and to leverage funds from other donors. Changes in the legal framework for communities to access or manage land and resources were often found to coincide with increased community participation, even in nonsupported PAs.

Broader adoption. Of the 191 completed projects analyzed, 45 percent reported both some type of broader adoption and environmental impact taking place by project end. Another 34 percent of projects include arrangements for some type of broader adoption. Only 5 percent of projects include no intention or design for broader adoption. Management approaches such as PA management plans developed through GEF support were the most commonly mainstreamed initiatives. PA financial mechanisms introduced through GEF support—such as user fees, revolving funds, and public-private partnerships—were reported to have been mainstreamed in 46 percent of projects. Much less frequently reported were instances of replication, reported in 26 percent of projects. Scaling-up was the least commonly reported process, with at most 11 percent of projects reporting an occurrence for any type of intervention. However, this is expected, as these numbers capture results at project completion and do not account for long-term transformational processes.

ISSUES TO ADDRESS

1. Addressing the socioeconomic conditions that will ensure local community commitment to biodiversity protection. GEF support has frequently helped attract government funding and support from other donors to address basic community needs, improve infrastructure, and increase economic opportunities in local communities. Efforts supported by the GEF—including co-management arrangements, the leveraging of resources for infrastructure, small-scale job creation, and environmental awareness-raising—have been reported to increase community cooperation and compliance with PA regulations, and in some instances have been linked to the reduced overexploitation of PA resources. While socioeconomic benefits are generated, in many cases there has been an unequal distribution of benefits due to geographic and socioeconomic differences among adjacent communities and their residents. Even within areas where community benefits are evident, field visits showed that the extent to which different groups benefit from the same intervention varies. This is an area of concern that relates to the GEF social safeguards that were put in place in 2013, as community perceptions that PAs undermine livelihoods can contribute to the persistence of local pressures on biodiversity.

2. Developing a more reliable and practical monitoring system to track and assess results at the project and portfolio levels. The GEF has provided considerable support to biodiversity monitoring using the METT, which is required as part of a project's regular reporting processes. But use of and capacities to fill out the METT vary across PAs, making the quality of the data collected uncertain, or uneven at best. The composition of stakeholders present during the completion of the METT was found to affect the total score. Furthermore, while the METT was designed to assess improvements in management effectiveness over time, only 14 percent of the 1,924 PAs that had submitted METTs could be analyzed for this purpose, as the rest of the PAs had completed a METT only once during the course of the GEF project. On the other hand, many of the documents submitted at project approval or completion, including terminal evaluations, did not provide the basic information on which PAs were supported by the project, through which types of interventions, and over which time periods. This made the task of assessing impact more difficult, as the evaluation could not always identify the specific areas that the GEF had supported.

3. Investing in broader governance issues to address large-scale drivers. Despite the progress made as a result of GEF contributions, development pressures continue to threaten biodiversity in visited PAs. The upsurge in wildlife poaching in Africa and forest clearing in Latin America to support terrorism and drug-trafficking activities are examples of how transnational economic drivers are able to overpower the large strides made in improving law enforcement capacities, governance frameworks, and global environmental awareness. Apart from these, legally sanctioned activities such as tourism, agriculture, and mining within or adjacent to PAs, when not aligned with the PA's management objectives, in many cases also act as large-scale pressures with the similar effect of reversing or limiting

the positive impacts of such interventions. Some of these pressures—such as those that are legally sanctioned—are the result of conflicting priorities and lack of effective coordination among government agencies that are concerned with distinct sectors, yet have administrative jurisdictions over the same geographical areas or natural resources.

LOOKING AHEAD

- **Ensure best targeting of GEF support by using geospatial technology combined with the latest scientific criteria for site selection.** The GEF must continue to pursue best methods to ensure that its support is targeted toward globally significant sites with high biodiversity values, and that support extends to more of these sites. As it has consistently demonstrated, the GEF must also continue to adopt the most rigorous scientific criteria in selected areas for investment, integrating new and more appropriate criteria such as climate change vulnerability as they are developed.

- **Mitigate unequal distribution of costs and benefits to local communities.** At the project level, during design and implementation, the GEF needs mechanisms to ensure that future projects reach full compliance with its social safeguards. The GEF needs to expand benefit sharing across a wider cross-section of affected local populations and better mitigate the unequal distribution of costs and benefits of PA management interventions, such as those arising from geographical and socioeconomic differences among and within communities adjacent to PAs. The aim should be to reduce local pressures on biodiversity stemming from adverse local socioeconomic conditions.

- **Coordinate with mandates beyond environmental sectors to address large-scale drivers.** The GEF should invest more in interventions that enable dialogue and joint decision making not only among multiple stakeholders in and around PAs, but also stakeholders representing different sectors and operating at different scales, which tend to have conflicting development priorities and management objectives with regard to biodiversity conservation. At a minimum, these would be stakeholders involved in environmental protection, natural resource use, economic development, and infrastructure development; this would be especially important for those involved in mining, agriculture, energy, tourism, and security, among others.

- **Streamline project reporting requirements.** The GEF should ensure that basic information on its support to PAs (where, what, and when) is available historically and into the future. At the same time, it needs to reduce the reporting burden on projects, countries, and Agencies by adopting a mixed-methods approach to results monitoring that draws on geospatial technology, global databases, and locally gathered information.

- **Create a program for learning what works for whom and under what conditions.** The GEF partners should jointly develop and implement a program that will generate an evidence base drawn from mixed methods on what works, for whom, and under what conditions. In particular, this program should focus on (1) ensuring more comprehensive and equitable response to local livelihood needs that contribute to biodiversity conservation, (2) catalyzing changes needed for large-scale biodiversity conservation, and (3) delivering support for biodiversity conservation in ways that produce multiple environmental and socioeconomic benefits.

IEO BRIEF

Evaluation of the Expansion of the GEF Partnership

Independent Evaluation Office
GLOBAL ENVIRONMENT FACILITY

Since its 1991 establishment, the GEF partnership has undergone two rounds of expansion, increasing the number of GEF Agencies from 3 to 10, and then to 18.

FINDINGS

1. Moderate increase in access to new capacities and networks. The second round of expansion of the GEF partnership has increased the GEF's ability to address concerns related to the GEF focal areas, although the ability to address chemicals and waste improved only marginally. The new Agencies provide expertise to address several niche areas such as forest restoration, commodities supply chain work, etc., that had not been adequately addressed earlier.

2. Moderate increase in Agency choice. The survey of GEF operational focal points (OFPs) indicates that, on average, a recipient country has all three original Agencies, two Agencies from the first round of expansion, and one Agency from the second round of expansion active in the country.

3. New Agencies have garnered a solid share in the GEF portfolio. The original three Agencies account for 67 percent, and the first-round expansion additions for 25 percent, of the GEF portfolio for the GEF-6 period. Although the Agencies from the second round of expansion were included in the GEF partnership less than four years ago, they have been able to garner an 8 percent share of GEF funding for GEF-6.

4. Country ownership-related gains are moderate and vary. The OFPs of the countries that have an accredited national Agency report that the recent expansion of the GEF partnership has led to greater country ownership. However, other OFPs have mixed opinions on the second-round expansion's effect on country ownership. There are variations among the new Agencies in terms of which receive recipient country support.

5. Expansion has led to increased competition. From the pilot phase to GEF-6, analysis of the GEF project portfolio shows a decline in the concentration of Agency share. Most of the OFPs who responded to the online survey felt that the second-round expansion has met its objective of increasing competition.

6. General satisfaction with services provided by the GEF Agencies. A vast majority of OFPs assess the Agencies to

PURPOSE AND METHODS: The study assesses the extent to which the structure of the Global Environment Facility (GEF) partnership is optimal and meets recipient country needs, with special attention to the effects of its recent expansion. It seeks to determine the extent to which the GEF Agencies provide GEF access to new capacities and networks, assist the GEF in supporting priority actions in countries with capacity constraints, and service the needs of recipient countries. It looks at factors that enable/hinder them in fulfilling their role, and emerging results of the second round of expansion. Information was gathered through desk reviews, interviews, online surveys, and the GEF Project Management Information System (PMIS), with data gathered from 216 key stakeholders.

WEB PAGE: http://www.gefieo.org/evaluations/evaluation-expansion-gef-partnership

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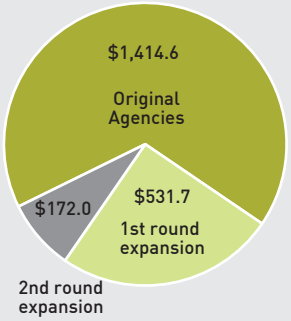
ABOUT US: The Independent Evaluation Office (IEO) of the GEF has a central role in ensuring the independent evaluation function within the GEF. www.gefieo.org

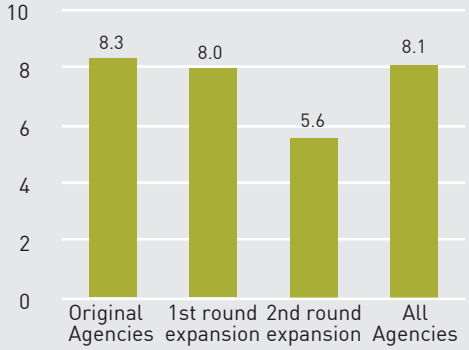
OPS6
SIXTH COMPREHENSIVE EVALUATION OF THE GEF

PORTFOLIO AND PERFORMANCE HIGHLIGHTS

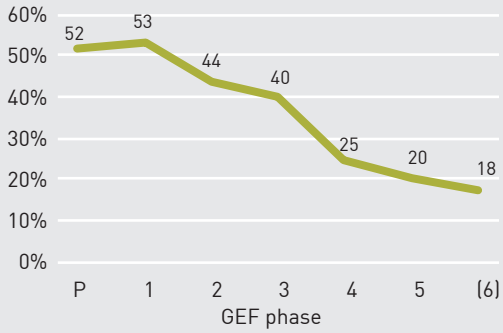
GEF-6 portfolio share, million $



Cofinancing ratio for GEF activities, 2013–16



HHI concentration of Agency share



be performing satisfactorily in delivering all of the expected services. Most OFPs prefer the original Agencies for project preparation and implementation.

7. Agencies continue to value their involvement in the GEF partnership. GEF Agencies value GEF support and view their involvement in the GEF partnership as complementary to their own operations. However, several Agencies—especially the multilateral development banks (MDBs)—report that the attractiveness of GEF resources has been reduced due to high transaction costs and the availability of internal sources of funding.

8. Efficiency gains due to expansion may have been balanced by costs. The second round of expansion has led to a slight reduction in the effective Agency fee rate during GEF-6 and has increased the GEF's ability to fund medium-size projects. However, there is an increase in the transaction costs related to management of an increasingly complex partnership.

9. The GEF partnership is perceived to be effective. Key stakeholders such as OFPs, convention focal points in recipient countries, and GEF–Civil Society Organization (CSO) Network members assess the GEF partnership to be effective in delivering on its environmental mandate.

HISTORY

The GEF was established in 1991 as a pilot program within the World Bank to address global environmental concerns, with three multilateral organizations—the World Bank, the United Nations Development Programme (UNDP), and the United Nations Environment Programme (UNEP)—as its Agencies for implementation.

As the GEF evolved, there was a demand to accredit other multilateral organizations as GEF Agencies so that recipient countries have more choice, and the GEF has access to new expertise and networks and is able to tap additional cofinancing resources. From 1999 to 2003, seven multilateral organizations were added to the partnership: the African Development Bank (AfDB), the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), and the Inter-American Development Bank (IDB); the Food and Agriculture Organization of the United Nations (FAO), the International Fund for Agricultural Development (IFAD), and the United Nations Industrial Development Organization (UNIDO). These Agencies were added in a phased manner, and they progressively gained direct access to GEF resources.

The impetus for the second round of expansion of the GEF partnership came from the policy recommendations of the GEF-5 replenishment. In November 2010, the GEF Council decided that the GEF should broaden the GEF partnership and should prioritize inclusion of national Agencies. From 2013 to 2015 eight new Agencies were accredited: three national agencies—the Development Bank of South Africa (DBSA, South Africa), the Foreign Economic Cooperation Office, Ministry of Environmental Protection of China (FECO), and the Brazilian Biodiversity Fund (FUNBIO); three international CSOs—Conservation International (CI), the International Union for Conservation of Nature (IUCN), and the World Wildlife Fund (WWF-US); and two subregional development banks—the West African Development Bank (BOAD) and the Development Bank of Latin America (CAF).

At its October 2015 meeting, the GEF Council requested the GEF IEO to "conduct a survey across GEF Partner Agencies and recipient countries on the current structure of the GEF Partnership, and make recommendations based on the results of this survey to feed into the planned review of the health of the GEF Partnership as part of the Sixth Overall Performance Study of the GEF (OPS6)." The IEO undertook this evaluation to respond to the Council's request.

RESULTS

Access to new capacities and networks. Expansion of the GEF partnership has increased the number of Agencies that cover the GEF focal areas. Although there has been a substantial increase in the coverage of most of the GEF focal areas, the increase is relatively modest for the chemicals and waste focal area, which is covered by only three new Agencies. Given that two of these three Agencies—DBSA and FECO—are national Agencies, and the third—WWF—covers 50 (35 percent) of the GEF's recipient countries, the

majority of GEF recipient countries have not experienced any increase in Agency choice for this focal area.

Although coverage of the GEF focal area priorities provided by the new Agencies is not comprehensive, there are several niche areas where they have enhanced GEF capacities. These areas include forest restoration work (IUCN), use of community-based approaches in addressing artisanal mining–related concerns (WWF, CI), commodities supply chain work (WWF, CI), expansion of protected area networks (FUNBIO), environmental projects focused on indigenous communities (FUNBIO, CI), and mainstreaming of environmental concerns in infrastructure projects (DBSA, CAF, BOAD).

Geographical coverage. The Agencies that were part of the partnership before the second round of expansion provide extensive coverage of GEF recipient countries. Several of these, such as FAO, IFAD, UNDP, UNEP, UNIDO, and the World Bank, cover all or almost all GEF recipient countries. The Agencies from the second round of expansion altogether cover 136 countries (95 percent). Among these, IUCN (127 countries), CI (62 countries), and WWF (50 countries) provide substantial coverage. Coverage by the subregional and national Agencies is limited, and tends to be higher in countries with a GEF-6 System for Transparent Allocation of Resources (STAR) allocation of greater than $20 million.

The online survey asked the GEF OFPs to identify the GEF Agencies active in their countries; this information was matched with the Agency's self-reported data on country coverage. Comparison of data from the two sources shows that the self-reported coverage by the original Agencies is consistent with the number of original Agencies OFPs identify as active. However, the self-reported coverage data by the other Agencies are higher than that indicated by the OFP survey. Here too there is a difference among various groups of countries. The OFPs from countries with a small STAR allocation for GEF-6 (less than $10 million) and those from small island developing states (SIDS) and fragile states identified fewer Agencies from the first and second rounds of expansion to be active than indicated by the self-reported Agency data.

Share in GEF portfolio. From the pilot phase and GEF-1, the three original Agencies together accounted for the entire GEF portfolio; the World Bank alone accounted for nearly two-thirds. The share of Agencies from the first-round expansion was relatively modest from GEF-2 to GEF-3. However, once they gained full access to GEF resources in 2006, it jumped to 21 percent for the GEF-4 period. The Agencies from the second round have so far garnered an 8 percent share of the GEF funding for GEF-6. Given that the Agencies from the second round do not have extensive country presence and provide less comprehensive focal area coverage, their GEF-6 share is reasonable.

Much of the share gained by the Agencies included in the partnership through the two rounds of expansion has been concurrent with a decline in the World Bank's share. From accounting for two-thirds of the GEF portfolio up to GEF-1, the World Bank's share declined to 20 percent during GEF-5.

Country ownership. The OFPs of recipient countries that have an accredited national Agency opine that the recent expansion has contributed to increased country ownership. Other OFPs have mixed opinions on the topic. The OFP survey indicates that the increase in country ownership of GEF activities and capacity development of national institutions due to the recent expansion is, at best, modest.

The national agencies—DBSA, FECO, and FUNBIO—report receiving strong country support. The OFPs in countries with national Agencies view their inclusion in the GEF partnership to be instrumental in building capacities of national institutions and in facilitating better alignment of GEF activities with national priorities. The subregional development banks—BOAD and CAF—report receiving robust country support due to their strong relationship with the finance ministries of the recipient countries and because the OFPs are familiar with their work. The experience of international CSOs is at variance with that of the other Agencies. While international CSOs receive strong support in some countries, they face challenges in others due to their relative inexperience as GEF Agencies and, in some instances, due to their past advocacy work.

Competition. The increase in the number of GEF Agencies from 3 to 18 has led to an increase in competition among the Agencies for GEF resources. The Herfindahl-Hirshman Index (HHI) for the GEF portfolio Agency share declined from 52 percent in the pilot phase to 18 percent in GEF-6. Sixty-seven percent of the OFPs who participated in the online survey felt that the recent expansion has fully achieved its objective of increased competition. This is consistent with information from interviews with Agencies and GEF Secretariat staff.

Quality of services. Of the OFPs that responded to the online survey, 90 percent assessed overall Agency performance to be in the satisfactory range. A high percentage expressed satisfaction for services such as project preparation (97 percent), project supervision and monitoring (97 percent), and assistance in national portfolio formulation exercises (100 percent). Most of the OFPs were also satisfied with services such as timely communication of implementation progress (88 percent) and support for follow-up activities (84 percent), but some of them differed.

On most performance parameters, the OFPs preferred one of the original three Agencies. In general, UNDP was preferred for services related to project preparation, whereas the World Bank was preferred for implementation. Although the Agencies from the second-round expansion had fewer mentions than any other group, this is natural as most OFPs have not yet had sufficient exposure to their work. Some OFPs did identify them as being the best positioned for projects focused on the private sector, local communities (WWF), capacity building (WWF); and project implementation in their respective countries.

GEF as partner of choice. GEF funding accounts for 5–30 percent of the total funding of the UN organizations, and between 0.1 and 1.0 percent of the funding of MDBs. Given the low share of GEF funding for the MDBs, the GEF may face challenges in gaining their top management's attention. Several MDB staff mentioned high transaction costs of accessing GEF resources as an area of concern. Although they acknowledged the progress in reducing some of these costs through the harmonization process and programmatic approaches, they maintain that transaction costs continue to be high in other areas. Availability of internal funds

within the MDBs to address environmental concerns is another challenge to retaining Agency interest—e.g., ADB and the World Bank have substantial internally managed sources of funds for climate change projects that are easier for them to access.

Most Agencies brought on board during the second round of expansion report that, in order to be cost-effective, they would need to access about $15–$30 million of new GEF funds annually. In general, these Agencies find the preparation of a GEF project to be more difficult than they had anticipated, but these concerns are more related to the learning curve and likely to be mitigated with greater exposure.

Efficiency. The second round of expansion has led to a small reduction in the effective Agency fee rate for implementation of GEF activities, and increased the GEF's ability to support medium-size projects. However, the increase in the number of Agencies increases the complexity of the partnership and requires the Secretariat to spend more resources in managing it. In terms of mobilization of cofinancing, the Agencies from the second round of expansion have on average raised $5.60 per dollar of GEF grant since their inclusion in the partnership. This is lower than the average cofinancing of $8.20 per dollar of GEF grant raised by the other Agencies during the same period. Although the new Agencies have enhanced the GEF's ability to reach new cofinancing partners, it hasn't increased the GEF's ability to access additional cofinancing.

Effectiveness of the GEF partnership. Of the stakeholders covered through the online survey, 100 percent of the OFPs, 95 percent of the convention focal points, and 88 percent of the CSOs rated the GEF as effective in generating global environmental benefits. Agency and GEF Secretariat staff highlighted the GEF's track record in addressing important environmental concerns, along with its ability to mobilize cofinancing from a varied set of partners.

ISSUES TO ADDRESS

1. Although the second round of expansion has provided increased coverage of focal areas and recipient countries, the increase in **coverage of the chemicals and waste focal area, and of SIDS and fragile states, has been modest**.

2. The GEF has made fair progress in integrating the new Agencies in its activities. An 8 percent share of the new Agencies in the GEF-6 portfolio is indicative of this progress. However, **new Agencies are still ascending their learning curve.** For example, none of the eight proposals for stand-alone full-size projects to be implemented by the new Agencies that had had their project identification forms (PIFs) approved at least 18 months ago had met the 18-month PIF approval to Chief Executive Officer (CEO) endorsement standard. Therefore, they may need "hand-holding" support for some more time.

3. Concerns related to the **high transaction costs of accessing GEF resources, and the costs of meeting project cycle commitments**, need to be addressed. The harmonization pilot with the World Bank has shown that some of the project preparation–related transaction costs may be addressed. However, other costs, such as those related to results-based management requirements, also need attention.

4. The GEF needs to find ways to **encourage healthy competition among Agencies, along with encouraging them to collaborate** based on their comparative advantages. In some recipient countries, an increase in competition for GEF resources has led to the use of aggressive approaches by some GEF Agencies. This is a source of resentment for several other Agencies.

LOOKING AHEAD

- **The GEF partnership has become more complex and requires more effort to manage.** The roles, responsibilities, and level of inclusion of GEF Agencies in the partnership has also evolved. Whether the GEF partnership should be increased further is a question that has been discussed in GEF Council meetings on several occasions. The evidence gathered through this evaluation suggests overall there is not much appetite for further expansion, although it may still make sense in some targeted situations—such as to provide increased coverage to the Pacific SIDS and fragile states, and to the chemicals and waste focal area, or the addition of a national Agency in a country with a significant STAR allocation and institutions that have adequate capacities.

- **The optimal size of the GEF partnership is dependent on the needs of the conventions that the GEF serves, the needs of the recipient countries, the size of the GEF replenishment, and the ability of the GEF Secretariat to manage its complexity.** It also needs to be linked with the GEF approach to resource allocation through the STAR, and the emerging context of environmental and development finance. The GEF IEO is undertaking another detailed review on the health of the GEF partnership. The findings of the study on expansion, along with that on the health of the GEF partnership, will be taken into account to develop OPS6 recommendations on the topic.

IEO BRIEF

Review of the Comparative Advantage, Financing, and Governance of the GEF Partnership

This study looks at the GEF's comparative advantage, the adequacy of donor funding, and the overall health of the GEF partnership.

FINDINGS

Comparative Advantage of the GEF

Financial mechanism of conventions. The GEF's comparative advantage derives primarily from its mandate as the financial mechanism for a number of multilateral environmental agreements (MEAs)/conventions as well as its broad thematic coverage of environmental issues, in line with the Sustainable Development Goals (SDGs). This relates directly to the GEF Instrument. Across the partnership, there is a high degree of commitment to ensuring that the GEF remains true to its mandate stemming from the MEAs, while at the same time encouraging innovation in the pursuit of global environmental benefits in line with evolving global priorities.

Support for integrated programs. There is much support across the GEF partnership for the GEF 2020 focus on addressing the drivers of environmental degradation and the integrative principle underpinning the integrated approach pilots (IAPs) developed in GEF-6. While there is widespread support, in principle, for the impact programs (IPs) taking shape for GEF-7, there is also significant concern about their breadth and the pace at which they are being developed, given that lessons learned regarding IAP effectiveness and impact are as yet unavailable. Conventions, Agencies, and national partners seek to ensure that the IPs a priori support countries' ability to make progress on their global environmental commitments while also addressing deep-rooted underlying factors.

Adequacy of Donor Funding/Financing

Modest resources. The GEF's resources are modest relative to current global environmental needs, the number of GEF Agencies, and the scale of environmental finance now being offered by other institutions such as the Green Climate Fund (GCF) and the Climate Investment Funds (CIF). GEF-6 resources amounted to some $4.43 billion for the 2014–18 replenishment cycle. At the 2015 Paris climate talks, the world agreed to continue aspiring to a $100 billion target for climate finance until 2025. Within such an overall context of climate finance scarcity relative to global need, GEF respondents across

PURPOSE AND METHODS: This evaluation addresses three key components of the Sixth Comprehensive Evaluation of the Global Environment Facility (GEF) (OPS6): the comparative advantage of the GEF as a funding channel, the adequacy of donor funding/financing, and the current governance structure and health of the expanded partnership of the GEF.

This brief includes early findings and draws on 120 responses to a web-based survey, and interviews with internal and external stakeholders.

WEB PAGE: http://www.gefieo.org/evaluations/comparative-advantage-financing-and-governance-gef-partnership

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ABOUT US: The Independent Evaluation Office (IEO) of the GEF has a central role in ensuring the independent evaluation function within the GEF. www.gefieo.org

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SIXTH COMPREHENSIVE EVALUATION OF THE GEF

the partnership are concerned both at the modesty of donor funding, and the overall shrinking of donor commitments in an increasingly competitive environment.

The overall shortage of funding is affected by the increased number of GEF Agencies, resulting in lower levels of funding per Agency than prior to the expansion. GEF resources are modest in comparison to those available to other environmental trust funds, such as the GCF and the CIF. And these funds are larger than the GEF. In an effort to heighten their collective effectiveness, the pursuit of collaborative relationships is supported by 80 percent of survey respondents across the GEF.

Donor commitments. Overall, donors have mostly delivered on their financial commitments to the GEF, as promised and on time. According to the most recent GEF Trust Fund Financial Report: Summary of Financial Information as of September 30, 2016, 99 percent of GEF-6 pledges have been met, with small arrears from prior GEF replenishments still lingering. As stated by many stakeholders across the GEF, meeting donor commitments, and doing so on time, is important to maintaining widespread confidence in the institutional mechanism overall, given the general environment of a funding scarcity.

Despite the delivery of pledged commitments, the GEF encountered shortfalls in available financial resources due to foreign exchange volatility. While such volatility is a normal and daily feature of capital markets, the GEF has no financial mechanism in place for managing such risk. This has had detrimental effects on the amount of funding available for GEF-6 projects, with implications for both countries and Agencies, which plan based on donor commitments.

Cofinancing policy. The GEF has initiated a cofinancing policy intent on maximizing its mobilization of financial and other resources. The new policy has maintained an aspirational ratio of 6:1 cofinancing overall for the GEF portfolio. This ratio was to be applied at a macro portfolio level, but was sometimes applied to individual projects. It is generally recognized that multilateral development banks (MDBs) are able to pursue larger projects with higher transactions, allowing them to raise higher levels of cofinancing overall. Yet the average size of GEF projects is too small to be attractive to MDBs, with obvious cofinancing implications. Only 15 percent of survey respondents agree that the size of GEF projects is attractive for MDBs.

The GEF as a provider of catalytic finance. The GEF is considered moderately effective as an enabling and sometimes catalytic financing organization, though mainly at the project level. However, there is a widespread and shared understanding that the GEF is not as effectively playing the catalytic role it assumed in early replenishments, for several reasons. The environmental finance landscape has changed, and the GEF is no longer exclusive in its finance offerings. The GEF has spread its funds thin among many more Agencies without a corresponding increase in funding. The current small size of projects on average is less able to facilitate both cofinancing and innovation. Based on survey results, there is widespread support for the GEF to play an important role in experimentation, innovation, and demonstration. There are mixed perspectives on the role of the GEF in supporting replication and scaling-up, given the need for large-scale resources.

Private sector financing. There is general agreement across the partnership that to overcome the paucity of financing, the GEF needs to thoroughly explore non-traditional donors, including the private sector.

Broader private sector engagement at the project level is also seen as desirable. However, the GEF has had limited success in engaging the private sector. Factors identified as constraining the GEF's ability to engage with the private sector include the size of project funding, the limited availability of information on the offerings and capacities of the GEF, and processes/mechanisms by which to attract private sector financing to the different focal areas. Further, the GEF project cycle is viewed as mismatched with private sector time frames.

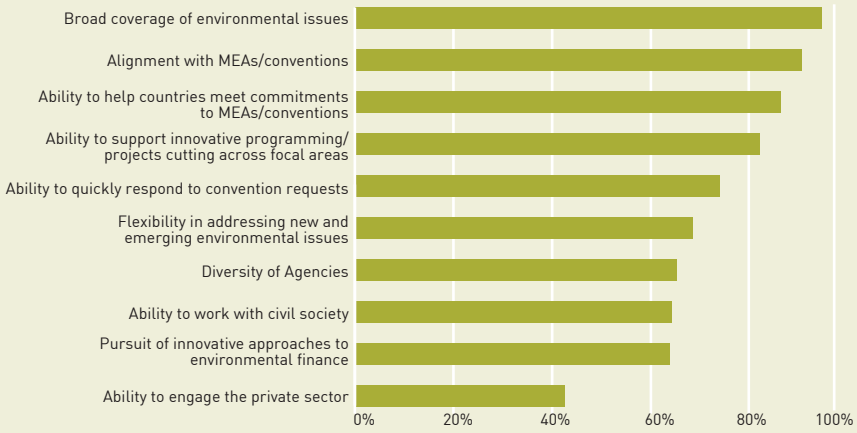


Figure 1: The GEF's comparative advantage—responses represent the degree to which respondents from across the GEF partnership agree and/or strongly agree that the GEF's comparative advantage stems from the indicated statements

The STAR

GEF partners have strong opinions both for and against the System for Transparent Allocation of Resources (STAR) allocation system. On the positive side, the STAR provides some GEF resources to all countries. This has increased country ownership, enhanced transparency in resource allocation, and improved project preparation by providing a secure resource base from which to proceed with project concepts. Some also view this more predictable and bottom-up approach as one of the GEF's comparative advantages vis-à-vis the GCF. There is a general consensus that the STAR has discouraged and perhaps diminished the GEF's engagement with the private sector and in regional projects, notwithstanding the set-asides for nongrant instruments and international waters outside the STAR allocation. Most partners would like to consider modifications such as allowing more fungibility in utilizing STAR allocations among focal areas, and greater encouragement to countries to use their STAR allocations for mutually beneficial regional projects.

Figure 2: The STAR—responses represent the degree to which respondents from across the GEF partnership agree and/or strongly agree with the indicated statements

Partnership and Governance

Expansion of the partnership. The increase in the number—and diversity—of Agencies to 18 is generally considered to be positive across the GEF partnership, drawing in new ideas, energy, and capacity. However, the STAR and small scale of GEF resources allocated to many countries have contributed to a competitive culture among Agencies. The incentives tend to favor the United Nations (UN) Agencies with on-the-ground presence, which are unable to bring in as much cofinancing from their own resources. This also makes it very difficult to develop regional projects. Some see the increased diversity in the GEF Agencies as creating the potential for Agencies to work together by capitalizing on possible synergies from this diversity. There is some evidence that this is happening in the context of the three IAPs in GEF-6.

Responsiveness to conventions. Overall, partners consider the GEF to be responsive to the requests of the conventions. About 74 percent of survey respondents considered the GEF's ability to quickly respond to convention requests as an important element of its comparative advantage. However, there are diverging opinions among the partners in this regard. The GEF Secretariat considers the partnership to be highly responsive, with 90.4 percent of Secretariat respondents complimenting the GEF's ability to quickly respond to convention requests—for example, in quickly establishing the Capacity Building Initiative for Transparency (CBIT). The operational focal points (87.1 percent) and Council members (81.1 percent) largely share this perspective. However, this view was shared by a third of the conventions, which indicated that there is room for the GEF to respond quickly to the conventions.

Changes in policies and practices. New policies and practices introduced in GEF-6 have had beneficial effects on the efficiency of project programming. The consolidation of the project cycle into one document has been appreciated. The cancellation policy has created incentives for projects to be prepared expeditiously for Chief Executive Officer (CEO) endorsement, noting that not a single project has been canceled since the introduction of the policy, and only two have received waivers.

The World Bank and the GEF Secretariat now have four years' experience with the WBG-GEF harmonization pilot that was introduced in November 2012. GEF program managers participate in World Bank decision meetings at the concept and approval stages, and also in quality enhancement reviews. The World Bank also frequently arranges for pre-meetings before decision meetings to allow more time for discussion. In turn, the Bank provides the Council and the Secretariat with its own documentation at both the Council approval and CEO endorsement stages, as opposed to using the GEF templates. Both sides have now become accustomed to this way of aligning the World Bank and GEF project cycles and see benefits in maintaining things as they are. There is no movement to change things, except the suggestion to remove the word "pilot," and no appetite to extend this to other Agencies.

The Role of the STAP. The GEF Scientific and Technical Advisory Panel (STAP) plays an important role in reviewing all full-size projects at the concept stage when being considered for Council approval. It also provides strategic advice to the GEF Council regarding contemporary issues of the global environment, and operational advice to the GEF Secretariat and GEF Agencies in preparing and reviewing projects and programs. One STAP panel member has been assigned to each of the three IAPs. Two-thirds of survey respondents felt that the STAP provides high-quality knowledge-based guidance to the GEF.

However, interviewees felt there were more, and so far unrealized, opportunities for the STAP to play a stronger unifying role in the partnership by building stronger relations with scientific and technical counterparts at the GEF Secretariat, across the Agencies, and within the conventions to ensure their work is complementary and valuable across the partnership. The STAP is hosted by the United Nations Environment Programme (UNEP) and reports regularly to the Council, but the GEF does not have a Council-approved policy on science. Such a policy could empower the STAP to enhance its contribution to the GEF partnership.

The overall health of the partnership has improved. Overall, there have been some improvements in the health of the partnership since the Fifth Overall Performance Study of the GEF (OPS5)—health being defined as "the extent to which the structure of the partnership and the quality and relevance of interactions between the partners enable the GEF partnership to effectively and efficiently deliver global environmental benefits through its support."

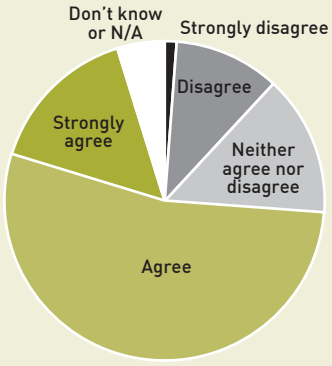


Figure 3: Overall, the GEF is effectively governed

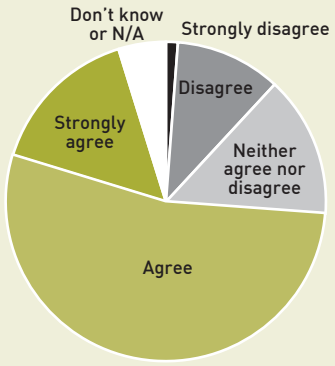


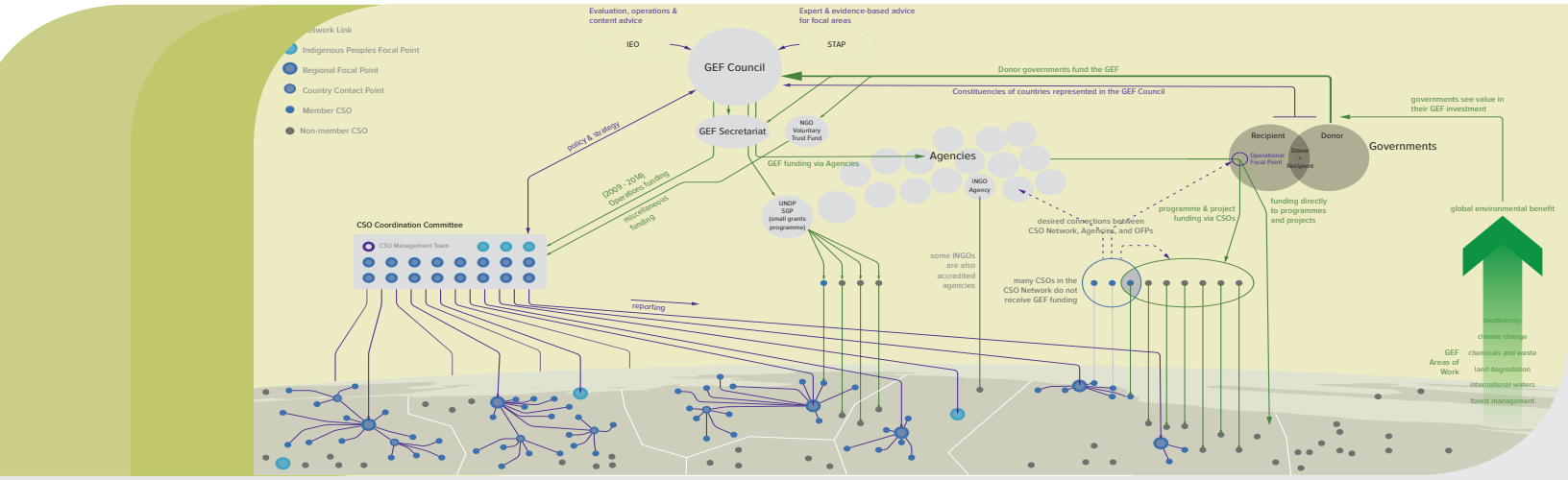
Figure 4: The GEF Secretariat provides appropriate strategic leadership

The expansion in the number of Agencies has brought potential along with challenges. The STAR and competition among Agencies have both positive and negative aspects. Partners have praised the new cancellation policy and the consolidation of project cycle policies into one document. Many partners would like to see more effective cooperation among the Agencies, drawing upon their respective comparative advantages as MDBs, UN Agencies, and international nongovernmental organizations. Some of this is happening in the context of the IAPs. Partners have also expressed a clear desire for more transparency in programming decisions, and project review and selection, and the initial preparation of the future IPs. The technical advisory group meetings were a step in the right direction. The STAP continues to play an important role in reviewing projects, and stakeholders pointed to an opportunity for the STAP to play a unifying role in the partnership in building stronger relations with scientific and technical counterparts. The CSO Network continues to be relevant and is delivering results. It is currently in the process of redefining its vision and strengthening its governance. Overall, nearly 70 percent of survey respondents said that the GEF partnership was effectively governed and that the GEF Secretariat was providing appropriate strategic leadership.

IEO BRIEF

Evaluation of the GEF–Civil Society Organization (CSO) Network

Independent Evaluation Office
GLOBAL ENVIRONMENT FACILITY



The GEF has a long-standing history of engaging with CSOs.

Since the pilot phase, CSOs have held consultations in sessions prior to the GEF semi-annual Council meetings, at which time they exchange their views about GEF activities. The GEF-CSO Network was established in 1995 as a result of a GEF Council decision to establish a formal dialogue and partnership with CSOs worldwide. Since then, the network has been a major mechanism for GEF engagement with CSOs. This evaluation of the GEF CSO Network is in response to a request from the GEF Council at its 47th meeting in October 2014. It covers the period from the last review of the network in 2005 to the present. The evaluation team identified eight network elements as a basis to answer the evaluation's key questions. The elements were: credibility, connectivity, capacity, results, structure, membership, governance and resources.

FINDINGS

1. The GEF-CSO Network continues to be relevant. The GEF-CSO Network continues to be relevant and is delivering results to the GEF partnership. The GEF-CSO Network makes consistent progress toward its objectives and maintains a more than moderate value added toward project designs and the GEF policy agenda. The majority of CSO members participating in the evaluation score the GEF-CSO Network as successfully making progress toward its Council-mandated objectives. It also performs well in its role of disseminating knowledge about the GEF. Others in the partnership—the GEF Council, the GEF Agencies, and country governments—find that the network's value addition to the partnership is generally satisfactory, influencing the policy agenda and increasing CSOs' understanding about the GEF.

2. The locus of GEF-CSO activities is not at the country level. The GEF-CSO Network's activities are distant from the country level where GEF projects make their mark and from where the majority of network CSOs operate. This compromises the network's ability to inform the GEF Council with country perspectives which add strength and value to network deliberations. Over its history, the CSO Network has grown not from the ground upward, but from the global policy table outward.

PURPOSE AND METHODS: The purpose of this study is to inform the Global Environment Facility's (GEF's) partnership of the extent to which the GEF-CSO Network is meeting its intended goals and strategic objectives and adding value to the GEF partnership and its membership, and how network features contribute to its functioning.

The evaluation took a mixed-methods approach and included a literature review, global online survey interviews with over 75 stakeholders, workshops, and focus groups using critical systems analysis in seven global regions. A social network analysis and a comparative analysis with analogous networks were also undertaken.

WEB PAGE: http://www.gefieo.org/evaluations/gef-civil-society-organization-cso-network-evaluation

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ABOUT US: The Independent Evaluation Office (IEO) of the GEF has a central role in ensuring the independent evaluation function within the GEF.
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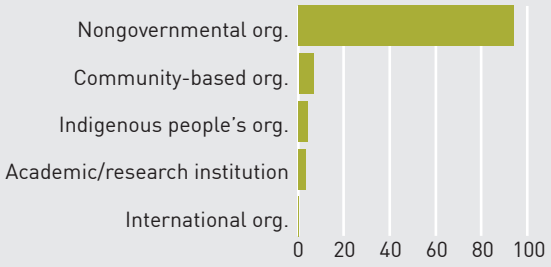
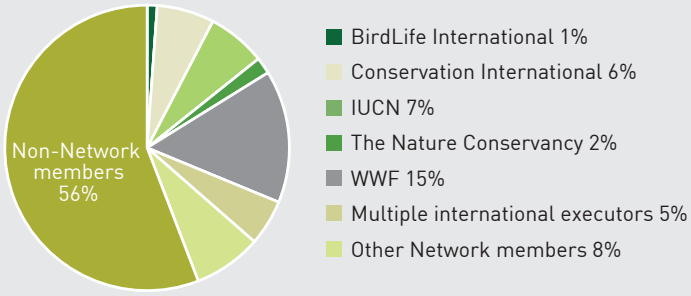
NETWORK CHARACTERISTICS

GEF-CSO Network membership by organization type (%)



Major CSO project executors by share of GEF grant amount



Source: CSO Network Membership Database.

3. The CSO Network structure has strengthened, but there is room for improvement. Within the context of an increasingly complex operating environment, the GEF-CSO Network has strengthened organizationally over the period under evaluation, but governance challenges remain—e.g., conflict resolution mechanisms. A further constraint on the organization is that the GEF-CSO Network today operates in an expanding GEF partnership without a shared contemporary vision of the role the network can play within a changing architecture.

4. Resources constrain scope. The GEF's funding commitment underwrites network member participation in Council, Assembly, and Expanded Constituency Workshop (ECW) meetings. A public management focus on results accountability has intensified over the evaluation period. This puts the onus on the network to be focused on results in its program/service offerings. Those serving in elected positions in the network have high performance expectations with a high outlay of volunteer resources. It is implausible to expect much more activity from the network without guided financing. With limited resources on hand, the network is focused on policy activities and not on networking within the organization, including the dissemination of knowledge and best practices across the network.

HISTORY

The GEF-CSO Network began in 1995 as the GEF Nongovernmental Organization (NGO) Network, changing its name to the current iteration prior to the Fifth GEF Assembly. Initially, it was a group of NGOs accredited by the GEF as eligible to attend Council meetings. In those early days, any accredited NGO was automatically a member of the GEF-NGO Network. Over time, the network has become a voluntary, self-organized collection of almost 500 environmental and sustainable development–oriented CSOs spread across 122 countries. Over two decades, the network's program has responded to the GEF Council's 1995 mandate that NGOs attending Council meetings "prepare for and report back on those meetings to the wider CSO community in their countries and regions." In addition to its Council-derived mandate, the network has, over time, also set objectives for itself. These pertain to enhancing the role of civil society in safeguarding the global environment, strengthening GEF program implementation through partnership with civil society, and building network capacity.

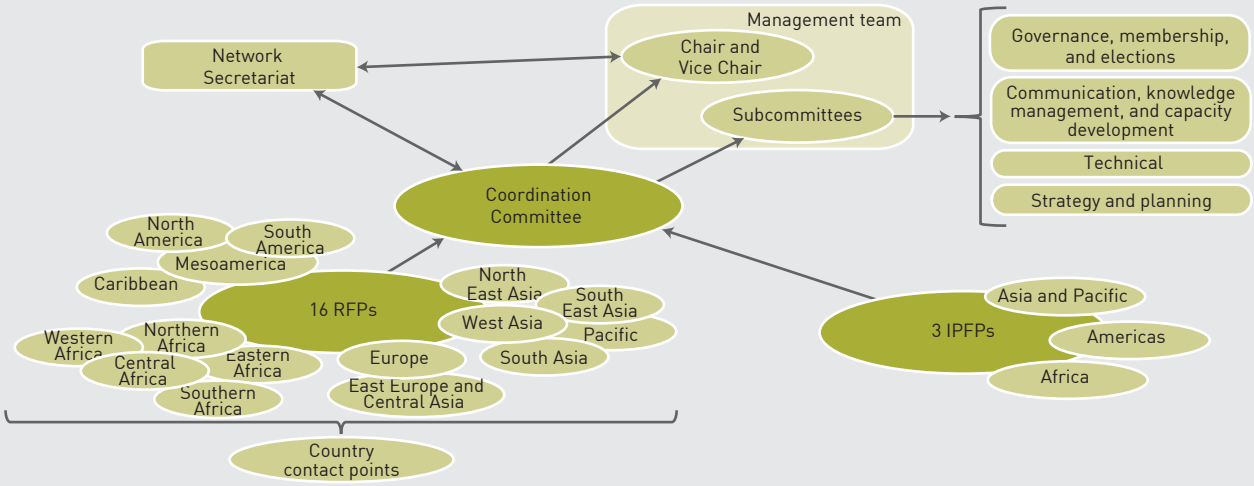
The network is organized according to different geographic regions. The structure consists of 16 elected CSOs, or regional focus points (RFPs), each of which represents a region encompassing more than one country to make a constituency. The representation of indigenous peoples is formally established in the governance and structure of the CSO Network through three focal points. Altogether, these organizations make up the Coordination Committee. Up until October 2015, network leadership was provided by a central focal point (CFP) elected from among the RFPs. Currently, a Chair, Vice Chair, and Network Secretariat share the duties formerly carried out by the CFP. The Coordination Committee meets twice a year, prior to the Council meetings, to discuss network business.

A report is submitted to the Council itemizing network activities each year, and a report is prepared following each Council meeting for distribution to the network. Since 2011, the network has organized a meeting of regional CSOs on the day prior to ECWs to promote the network, exchange project-based knowledge, and prepare CSO positions for presentation to the regional constituency during the workshop. These meetings are supported logistically and financially by the GEF Secretariat.

RESULTS

Performance. The majority of CSO members participating in the study scored the GEF-CSO Network as successful in making progress toward its Council-mandated objectives. It also performs well in influencing the policy agenda and increasing CSOs' understanding about the GEF. At the policy table, the network's influence is most acknowledged in terms of review of the GEF Policy on Public Involvement, the GEF Policy on Minimum Standards on Environmental and Social Safeguards, and overall support

GOVERNANCE STRUCTURE OF THE GEF-CSO NETWORK



to indigenous peoples' policy issues. The network's efforts before and at replenishment meetings were also noted as important in ensuring strategic orientation. Almost to the same degree, other functions of the network that are associated with its own objectives (e.g., building relationships and exchanging knowledge, and strengthening project design and implementation within the network) remain valued by CSO members. However, the GEF-CSO Network has only infrequently commented on the GEF work program presented at every Council meeting.

Credibility. For CSOs, the GEF "brand" gives network members credibility, especially in those countries where the GEF identity is recognized. At the same time, affiliation does not automatically open doors or translate to the desired country-level engagement, somewhat diminishing the value that could accrue. All components of the GEF partnership maintain that the best way to earn the credibility to inform policy discussions and provide informed viewpoints is through direct experience with GEF projects/operations. That said, the space for CSO project execution has shrunk in the period under evaluation—due, in large part, to the revised resource allocation system with its increased emphasis on execution by government agencies. Although the "face" of the network is clear to the GEF Council, the depth of the network's reach at the country level is not visible, and credibility hinges on this. GEF projects are operationalized at the country level. Country-informed perspectives, and especially those gained by CSO experiences with GEF operations, are necessary to the strength and value of network deliberations.

Some GEF-CSO Network members, accounting for 15 percent of global survey respondents, registered displeasure with the network, primarily over the lack of transparency and communication regarding network governance and the remoteness of the global policy information flowing to them. These organizations tended not to be engaged with information flow or to interact with fellow members on network business, and were potentially disenchanted with the way the network operates.

Capacity. The network's capacity development has largely been dedicated to information sharing about the GEF. To date, the network has been unable to muster the resources to advance a skills-building agenda for its members. Those CSOs that feel they are contributing to network business, are engaged at Council meetings and in ECWs, or enjoy a close working relationship with RFPs are more likely to see capacity gains than those that are not. Internally, the network does not have an assessment of the knowledge, skills, and experience resident within its membership. As such, it has not been able to leverage the resources that it may have for strategic entry into roles concerning focal area objectives or related to the GEF project cycle. There is observable impetus for enhancing network capacity by (1) reinforcing RFP outreach capacity with the addition of country contact points, (2) pursuing the medium-size project modality as a vehicle for piloting capacity-building initiatives, and (3) working with the Small Grants Programme (SGP) in the implementation of the Communities Connect initiative and a CSO-Government Dialogue Platform.

Connectivity. Social network analysis indicates that opportunities for information exchange and interaction are highest among core members (focal points) as compared to the rest of the network. There is also greater connectivity between members and nonmembers than among themselves, with variation in the extent to which different RFPs are connected to the rest of the network. While most of the member CSOs report collaborating more with organizations outside the network than with those inside, international CSOs such as the International Union for the Conservation of Nature (IUCN) and the World Wildlife Federation (WWF) show relatively more ties and centrality within the network due to their multiple field locations across several continents. Generally, the GEF-CSO Network's activities continue to focus more at the regional and global levels and not enough at the country level.

Membership. The GEF-CSO Network's membership system has become more coherent over the period under evaluation (since 2005). It has developed application requirements and verification protocols that have prevented the inclusion of

ineligible CSOs. However, some describe and criticize the process as complex, slow, and unresponsive, so work is needed to improve the process.

ISSUES TO ADDRESS

1. Structural and governance issues

- One of the greatest external factors bearing on the network's structure concerns **vision**. Across the partnership—Agencies, government focal points, Council members, and CSOs—the evaluators were told that the GEF partnership is without a shared, contemporary understanding for the GEF-CSO Network.
- There is a confusing relationship between the network and its **CSO members that are now GEF Agencies**. The latter hold potential, through their field/regional linkages, to support a shift in the network's locus of activity closer to the country level. However, the dual identity of the members has raised questions within both systems, including how best to leverage shared values and interests while avoiding conflicts of interest associated with a CSO entity simultaneously serving as a GEF Agency and having a field office as a network member. At this stage, there are no guidelines to manage this risk.
- The **terms of office** for the indigenous peoples' focal points and RFPs have sometimes emerged as a constraint to member participation in the network. While there are pros and cons to having a once-renewable four-year term of office, the balance of opinion from all parts of the partnership is that this period is too long and is detrimental to voter participation and network building.
- Though **network leadership** has been strong by most accounts, some members perceive it as domineering. Major contributions and relationships have been consolidated through a few people, leaving the network subject to the risk of personality differences. Process disagreements and personality conflicts have arisen within and across the network, though to a lesser degree than in the past. The network's complaint procedure does not delineate the trigger point for external intermediaries to act in the best interests of the network. Where network disputes have arisen, they have distracted from daily business and posed reputational risks.

2. Lack of shared vision. The GEF partnership relationship should be influenced by a shared understanding of supply-demand across the partnership. A contemporary vision for the GEF-CSO Network does not exist to clarify the network's role among all elements of the partnership. Areas that need clarity include procedures for engagement with country governments, including with the GEF operational and political focal points; and how to encourage activities to be pushed more directly toward regional and country-level activities without compromising global-level encounters. As part of the vision, the funding modality should be considered.

LOOKING AHEAD

- **Clarify communication procedures.** The GEF Secretariat and the GEF-CSO Network should develop clear modes of engagement to guide cooperation and communication, to be adjusted as needed. The GEF Secretariat and the CSO Network work in areas of mutual interest and cooperation. Agreed-on rules of engagement should guide cooperation with the means to evaluate against expectations on an annual basis. Possible areas to be addressed include communications guiding country-level engagement, alignment of geographic regions, and procedures for complaint resolution.
- **Continue to promote CSO engagement.** The GEF-CSO Network should continue to build itself as a mechanism for strengthening civil society participation in the GEF at the global, regional, and national levels, paying particular attention to membership development, capacity building, and value-added working relationships across the partnership. Most of the network's members are NGOs and there is underrepresentation of other CSO types, namely indigenous peoples' organizations, community-based organizations, and academic and research institutes.
- **Strengthen governance.** The GEF-CSO Network should strengthen its governance with particular attention to annual work plans, cooperation with the Indigenous Peoples Advisory Group (IPAG), terms for the network's RFPs, and the complaints process.

IEO BRIEF

Review of the GEF Agency Minimum Standards on Environmental and Social Safeguards

Independent Evaluation Office
GLOBAL ENVIRONMENT FACILITY

The GEF IEO is conducting a review of the GEF Policy on Agency Minimum Standards on Environmental and Social Safeguards.

FINDINGS

1. Strengthened safeguard frameworks and increased harmonization. Adoption of the GEF Minimum Standards in 2011 has served as an important catalyst among many GEF Agencies—both existing and newly accredited—to strengthen existing safeguard policies and, in a number of cases, to adopt comprehensive safeguard policy frameworks, together with supporting implementation systems and procedures. The GEF Minimum Standards have contributed to more harmonized approaches in managing project-level environmental and social risks and impacts across the GEF partnership, recognizing that some Agencies have also adopted additional, specific standards relevant to their operations. During the GEF's compliance review of GEF Agencies, the safeguard policies and systems of the multilateral development banks in the GEF partnership either met the GEF Minimum Standards outright or required relatively minor clarification and/or guidance. All of the United Nations–related GEF Agencies approved new and/or updated safeguard frameworks in 2014 and 2015. Each of the eight newly accredited GEF project Agencies adopted either GEF-specific or Agency-wide safeguard frameworks as part of the GEF accreditation process. By 2015, all 18 GEF Agencies were judged to have environmental and social safeguards in place that met the minimum requirements of the GEF standards.

2. Environmental and social risks in the GEF portfolio. Even with the adoption of the GEF Minimum Standards, a general assumption exists that, given the GEF's focus on securing global environmental benefits, relatively few or minor environmental and social risks arise in GEF-supported projects and programs. (This assumption appears in the GEF Minimum Standards.) However, a preliminary review of 198 projects in the GEF-6 portfolio does not necessarily support this assumption. Of this sample, 105 projects have to date been assigned environmental and social risk categories by GEF Agencies (some projects had not yet been categorized given their stage in Agency approval processes). Of those categorized projects, 3 percent were rated high risk, 56 percent were rated moderate risk, and 41 percent were rated low risk. Agencies

PURPOSE AND METHODS: The purpose of this review is to provide insights and lessons for the GEF-7 replenishment cycle. This brief provides early findings of an ongoing review that focuses on (1) the extent to which the Global Environment Facility (GEF) Minimum Standards have added value to the GEF partnership; and (2) the degree to which they are aligned with relevant international best safeguard standards and practices, including procedures for reviewing implementation.

The review is utilizing qualitative analytical methods and tools, including document review and interviews, together with a quantitative sampling and analysis of the recent GEF portfolio.

WEB PAGE: http://www.gefieo.org/evaluations/minimum-standards-environmental-and-social-safeguards

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ABOUT US: The Independent Evaluation Office (IEO) of the GEF has a central role in ensuring the independent evaluation function within the GEF.
www.gefieo.org

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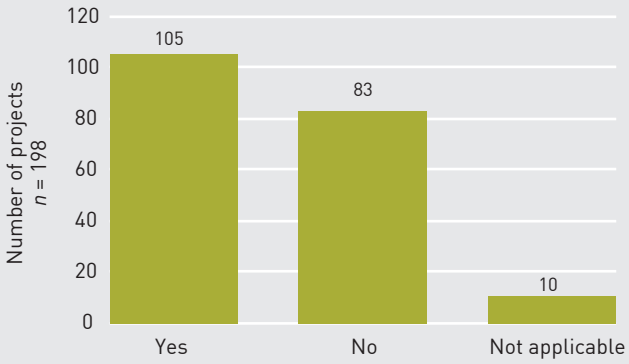
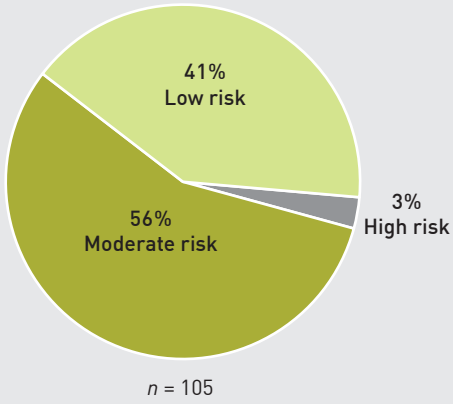
PORTFOLIO HIGHLIGHTS

Has the project been assigned an environmental/social risk category?



Distribution of environmental and social risk categories assigned by GEF Agencies to GEF-6 projects



utilize somewhat varying categorization ratings. While few high-risk projects (often referred to as Category A) appear in the sample, projects with moderate risks comprise the majority.

Identified social and environmental risks include community health and safety risks due to infrastructure development; potential involuntary resettlement and loss of livelihoods; risks to indigenous peoples, lands, and cultural resources; conversion of natural habitats; and pollution risks.

To date, there have been relatively few cases filed with the grievance and accountability mechanism of GEF Agencies regarding GEF-financed projects and programs. Between 1998 and 2009, five such cases had been filed with the World Bank's Inspection Panel regarding a range of safeguard policies, including environmental assessment, natural habitats, forestry, physical cultural resources, indigenous peoples, and involuntary resettlement. In late 2015, the United Nations Development Programme's (UNDP's) compliance mechanism received a complaint regarding a GEF project that had raised issues regarding stakeholder engagement and access to information.

3. Coverage gaps in GEF Minimum Standards. When approved in 2011, the GEF Minimum Safeguards reflected a consensus on a set of minimum requirements to manage a range of project-level environmental and social risks and impacts (based on a 2005 distillation of operational principles from earlier adopted safeguard policies of the World Bank). The GEF Minimum Standards did not necessarily reflect leading international safeguard standards. In the intervening years, environmental and social safeguard standards have continued to evolve in terms of thematic breadth, specificity, and procedures. The scope of safeguard policies of many GEF Agencies extend beyond those of the GEF Minimum Standards. In addition, other international funding entities, such as the Green Climate Fund, are utilizing a more comprehensive safeguards framework compared to the GEF Minimum Standards.

A range of policy gaps in the GEF Minimum Standards are identifiable when compared to more recently adopted safeguards. Some examples relevant to GEF focal areas include the following:

- Standards regarding environmental assessment and natural habitats do not include requirements on the use of biodiversity offsets or the need for certification in sustainable forest management
- Community health and safety issues are addressed in a cursory manner
- Specific requirements regarding the management of hazardous materials are largely limited to the handling of pesticides
- Labor standards are not addressed
- Respect for the free, prior informed consent (FPIC) of indigenous peoples is limited (i.e., projects in countries that have ratified ILO 169)
- The standard on physical cultural resources does not encompass intangible cultural heritage
- There is a lack of focus on avoiding disproportionate adverse impacts to marginalized and vulnerable groups.

4. No GEF-level monitoring and reporting on safeguards. In the GEF partnership, responsibility for project implementation and risk management resides with the Agencies. At the GEF portfolio level, potential environmental and social risks are not systematically tracked. The GEF is informed ex ante about potential project-level environmental and social risks and impacts. The project identification form (PIF) and the Chief Executive Officer (CEO) Endorsement/Approval templates require Agencies to identify "potential social and environmental risks that might prevent the project objectives from being achieved" and to propose measures to address them. The GEF's project tracking systems, however, do not record Agency-designated environmental and social risk category levels or assign risk flags to any relevant potential areas of concern. Project monitoring and evaluation reports are not required to report on progress related to implementation of safeguard elements unless these were specifically included in the project results framework as a project outcome, output, or indicator. Regarding Agency-level compliance with the GEF Minimum Standards, the GEF Council in 2016 approved a policy to

undertake a review during the last year of the GEF-7 replenishment period (2022).

HISTORY

In line with the GEF-5 policy recommendation to broaden the GEF partnership, the GEF Council agreed in May 2011 to launch a pilot program to accredit up to 10 GEF Project Agencies to assist countries in implementing GEF-financed projects. To be accredited, applicants would need to meet a range of criteria. Regarding environmental and social safeguards, a set of criteria were proposed based on a set of operational principles distilled from World Bank safeguard policies.

The GEF Secretariat revised the criteria and in November 2011, the GEF Council approved the GEF Agency Minimum Standards on Environmental and Social Safeguards. Not only would the GEF Minimum Standards be applied during the accreditation process, but the safeguard policies and systems of existing GEF Agencies would also be reviewed for compliance with the new GEF policy. By 2015, all existing GEF Agencies were determined to be in compliance, and eight new Agencies had passed the accreditation process.

The GEF safeguards establish minimum requirements that all GEF partner Agencies are expected to meet to ensure that GEF-financed operations avoid, minimize, and mitigate associated adverse environmental and social impacts. The GEF Minimum Standards are comprised of key principles for all GEF operations (plus a statement regarding projects that may involve indigenous peoples), a statement on the role of the GEF Conflict Resolution Commissioner, and a set of eight Minimum Standards on Environmental and Social Safeguards (see box).

GEF MINIMUM STANDARDS

1. Environmental and Social Impact Assessment
2. Protection of Natural Habitats
3. Involuntary Resettlement
4. Indigenous Peoples
5. Pest Management
6. Physical Cultural Resources
7. Safety of Dams
8. Accountability and Grievance Systems

ISSUES TO ADDRESS

1. Potential update of GEF Minimum Standards. The catalytic role of the GEF Minimum Standards in promoting the adoption of strengthened, more consistent safeguard frameworks among many GEF Agencies has been noted above. At the same time, gaps in thematic coverage exist in the GEF Minimum Standards that appear relevant for the types of environmental and social risks present in the GEF portfolio. An update of the GEF Minimum Standards may be warranted. A potential revision process should aim to strike a proper balance between addressing relevant policy gaps in the GEF Minimum Standards while avoiding extensive changes that would require significant revisions to often newly adopted safeguard frameworks of many GEF Agencies—a concern expressed by a number of GEF Agencies. A collaborative working group model of GEF constituents could potentially be a viable model for reaching such a balance. Substantial safeguard expertise exists across the GEF partnership that could be utilized in any update process.

2. Improved safeguards monitoring and reporting. To date, environmental and social risks are not monitored at the GEF portfolio level. Project-level environmental and social risks are typically monitored by GEF Agencies; however, the GEF does not request Agencies to summarize this information in project implementation reviews (PIRs) or midterm and terminal evaluations unless safeguard-related issues are specifically included in the project results framework as a project outcome, output, or indicator. One reporting requirement that is included in the GEF Minimum Standards is for Agencies to include information on relevant cases submitted to their grievance and accountability mechanisms. In the GEF partnership, Agencies bear responsibility for project implementation. Nevertheless, the GEF should consider whether tracking environmental and social risks at the portfolio level and ensuring a "flow through" of monitoring information on safeguard implementation would provide relevant information for programming decisions. A collaborative pilot initiative could be considered on developing tracking, monitoring, and reporting procedures to ensure that the GEF is appropriately informed regarding environmental and social risks and safeguard implementation.

3. Capacity support, expert convening, and communication. The GEF could explore utilizing its convening role to support capacity development and knowledge sharing regarding key safeguard issues. The GEF partnership encompasses leading safeguard-related expertise among its Agencies and country partners. Strengthening networking and knowledge sharing on particularly relevant topics—such as assessing climate change risks or support for FPIC processes among indigenous peoples—may be welcome. Ongoing communications with country partners regarding the GEF's policy requirements, including the GEF Minimum Standards, may also continue to build a shared understanding on the need for effective safeguard implementation.

IEO BRIEF

Review of the GEF Approach to Results-Based Management

The ongoing review on RBM is an input to the Sixth Comprehensive Evaluation of the GEF (OPS6).

FINDINGS

1. Compared to GEF-5, the RBM system has improved in response to the GEF-6 policy recommendations. The GEF Secretariat developed an RBM work plan for GEF-6 and has made progress in its implementation. As a result, capacities of the RBM team have been enhanced and corporate results reporting strengthened. Overall progress in aligning and streamlining the results framework and tracking tools, upgrading the GEF's information technology platform to support RBM, and data quality has been moderate.

2. The GEF RBM system is considered essential for the partnership. The importance of, and need for, RBM to promote accountability, decision making, and learning is well recognized across the GEF partnership. Stakeholders such as the GEF Secretariat, the GEF Agencies, and the conventions acknowledge that it important for tracking and reporting on results of GEF activities to its stakeholders—especially reporting to the Council and the conventions. The present RBM system is perceived to be underserving the decision-making and learning-related needs of the GEF partnership.

3. The effectiveness and efficiency of the GEF RBM system is weak. The GEF RBM system primarily tracks inputs, outputs, and short-term outcomes of GEF activities. It gives less attention to tracking long-term impact. Despite improvements, the tracking tools for biodiversity focal area and multifocal area projects continue to be complex. There are gaps in the submission, management, and quality of information provided by tracking tools. Limited use of the RBM system for decision making and learning has led to lower cost-effectiveness.

4. Information from the RBM system is used primarily for reporting. The information is used to prepare the corporate scorecard, the annual monitoring reports (AMRs), and reports to the GEF conventions, and is shared through the GEF website. However, results-related information is not readily available to the GEF stakeholders for learning, and the extent of its use for informing GEF strategies varies by focal area. Information on

PURPOSE AND METHODS: The review of the Global Environment Facility (GEF) approach to results-based management (RBM) assesses the role of RBM in the GEF partnership; the extent to which the GEF RBM system is relevant, effective, and efficient; utilization of information generated through the RBM system; and the extent to which the concerns noted in the Fifth Overall Performance Study of the GEF (OPS5) and GEF-6 policy recommendations have been addressed. The review draws on information from primary and secondary sources, including review of relevant documents, websites, databases, and semi-structured interviews of key informants. This brief presents emerging findings of the review.

WEB PAGE: http://www.gefieo.org/evaluations/results-based-management-rbm-gef

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resource availability, utilization, and corporate efficiency is more readily available and finds greater use in guiding management decisions.

5. The GEF Project Management Information System (PMIS) is not keeping pace with expectations. Since it was first operationalized in 2001, the GEF PMIS has improved. However, these improvements have not kept pace with the needs of the GEF partnership. Concerns related to data quality, low user friendliness, and limited use for decision making remain. Its potential to promote learning and aid real-time decision making is not being adequately realized.

HISTORY

During GEF-3, tracking tools were introduced to monitor the results of biodiversity focal area projects focused on protected areas. For GEF-4, results indicators were developed for all GEF focal areas. In 2006, with the transfer of the monitoring function from the GEF IEO to the Secretariat, an RBM team was established in the GEF Secretariat. In 2007, an RBM framework was approved by the GEF Council. The aim of the framework was to improve management effectiveness and accountability through specification of realistic expected results, tracking achievement of results, providing support for management decisions, and reporting on performance. The RBM framework also specified the AMR as the principal instrument for RBM-related reporting.

The Fourth Overall Performance Study of the GEF (OPS4, 2010) noted the progress made through the establishment of the GEF RBM framework and the introduction of tracking tools for all focal areas. However, it also reported that the framework had not been integrated into GEF strategies and policies. It called for further work on integration of the RBM framework for the GEF-5 replenishment period.

The GEF-5 programming document accordingly included a corporate results framework that specified results and targets for GEF activities approved during GEF-5. The focal area strategy documents specified the results of the supported activities and the indicators to track results. OPS5 found that the GEF RBM system was overly complex and burdensome for the GEF Agencies. Taking note of the OPS5 findings, the GEF-6 policy recommendations called for improvement in the GEF RBM system.

In October 2014, the GEF Council approved an RBM Action Plan, which outlined the key actions to be undertaken during the GEF-6 period. This plan was revised in 2016 and its scope broadened to include additional activities for GEF-6.

RESULTS

Action on GEF-6 policy recommendations. The RBM Action Plan for GEF-6 is under implementation and has been updated to reflect the evolving needs of the GEF partnership. Of the activities listed in the revised plan, substantial progress has been made in enhancing the Secretariat's capacity for RBM. A Lead RBM Specialist was brought on board to lead the RBM team; this, along with increased resources for implementation of the work plan, has enhanced the Secretariat's capacity in this area. Corporate results reporting has also been strengthened through publication of a succinct corporate scorecard, which summarizes progress on corporate environmental results and utilization of GEF resources, and tracks indicators on corporate effectiveness and efficiency.

There are other areas, however, where progress has been moderate. Although focal area tracking tools were aligned and streamlined during GEF-6, the tools for the biodiversity focal area and the multifocal area are still complex and burdensome. Upgrade of the PMIS has still not materialized, despite more than two years of delay. In June 2012, the GEF Council assigned the task of upgrading the PMIS to the GEF Trustee. After delays in the upgrade, the Secretariat took the lead on improving the PMIS. Although some features have been rolled out, a full upgrade of the PMIS has not yet materialized. During the GEF-6 period, the RBM team undertook an exercise to assess the quality of data on project results. It found weaknesses in terms of gaps in information availability and the quality of available data.

Relevance of the RBM system. RBM is considered relevant for the GEF partnership. It is essential for systematic reporting on GEF accomplishments to the GEF Council and to the environmental conventions the GEF serves. Its role in making information on results of GEF projects available to a wider range of stakeholders is also appreciated. Secretariat and Agency staff find the RBM system relevant in meeting their information needs for decision making. They are able to draw on the PMIS for information on resource utilization, inputs, and outputs, which is useful for their programming decisions. While the importance of information on long-term results is also recognized, this information becomes available after a considerable time lag—and by the time it becomes available, it may not be as relevant for programming decisions, as funding priorities may have shifted. Although the potential of the RBM system to provide a platform to share experiences from GEF Agencies and to provide real-time information to aid decision making is recognized, the present system is deemed to be weak in these areas.

Effectiveness and efficiency. At the corporate level, although outcomes, outputs, and inputs of GEF activities are tracked, long-term results do not receive adequate attention. The impact of GEF activities on the drivers of environmental degradation that the GEF seeks to address are not tracked systematically. The impact evaluations prepared by the GEF IEO do provide insights on long-term impacts, but these cover only a few selected activities. The indicators on corporate environmental results primarily track the outcomes and outputs of GEF activities. The targets set for several of these results are either too high or too low, and are often not informed by the experience during GEF-4 and GEF-5. Further, reporting on these indicators is primarily restricted to promised results of the GEF-6 period and does not cover progress on promised results for the GEF-5 period. Most of the other indicators tracked by the RBM system pertain to corporate effectiveness and efficiency. Overall, these provide a good indication of how efficiently GEF resources are being converted into outputs.

As noted in the GEF 2015 Annual Performance Report (APR 2015), the focal area tracking tools for GEF-6 have been streamlined and show improved alignment with the focal area results framework. However, biodiversity focal area tracking tools still remain complex, and a lighter approach to tracking results of multifocal area projects has yet not been developed. The GEF Agencies find the burden of reporting on tracking tools for other focal areas to be reasonable.

Less attention has been given to timely submission and completeness of tracking tools, and to ensuring that this information is utilized and made readily accessible to the GEF Agencies and other stakeholders. APR 2015 noted significant gaps in the submission of tracking tools by the Agencies as well as concerns linked to gaps in the retrieval, storage, and management of tracking tools. Even when tracking tools are submitted, the quality of data provided by the tracking tools is a concern. During 2015–16, the RBM team of the GEF Secretariat undertook an internal review to assess the extent of tracking tool submission and information quality. The assessment confirmed the gaps that had earlier been reported by the GEF IEO. An interesting finding of the RBM team's assessment was that it showed that, despite being complex and burdensome, the quality of information and the submission rate were better for the biodiversity focal area due to sustained effort by the focal area team on follow-up with the Agencies. The Secretariat has recently developed a dashboard to facilitate tracking of project implementation progress and tracking tool submission. This measure might facilitate the Secretariat in monitoring submission of tracking tools and improving compliance.

Utility. The information gathered through the RBM system is used for reporting through the AMRs, the corporate scorecard, reports to the GEF conventions, the GEF website, and analysis that may be requested by the GEF Council. Of these reporting tools, the corporate scorecard introduced during the GEF-6 period is perceived as useful by a wide array of GEF stakeholders. Compared to attention to reporting, less attention has been given to the use of RBM to facilitate decision making and learning.

Use of tracking tools varies across focal areas. Focal areas such as biodiversity and international waters use it for aggregation and analysis. The biodiversity focal area team reported some use of the tools in tweaking its programs. The chemicals and waste focal area found the tools useful in tracking intervention costs over time, enabling it to develop cost benchmarks. The international waters focal area team prepares a portfolio review on an annual basis, which is then shared with the focal area task force and Agencies to foster learning.

The internal review undertaken by the RBM team on tracking tool data confirmed concerns related to data completeness and quality, which limits their usefulness. One of the missing pieces has been the level of resources devoted to follow-up with the Agencies to ensure timely submission of completed tracking tools.

PMIS. The GEF Secretariat, the GEF IEO, the GEF Scientific and Technical Advisory Panel (STAP), and the GEF Agencies rely on the PMIS for much of their information needs on GEF projects. While the system's usefulness in providing information on GEF projects and programs is appreciated, many feel that the PMIS is not serving the partnership as well as it should. Most users raised concerns about the quality of PMIS information, found it difficult to use, and felt that it has so far played a limited role in providing real-time information useful for decision making. While the PMIS has certainly improved compared to 2001 when it was first operationalized, it has not kept up with the evolving needs of the GEF partnership. One of the reasons for this has been a delay in delivery of a system upgrade, which had been approved by the GEF Council in June 2012. The GEF Trustee was tasked with the upgrade, which was expected to be delivered by the end of fiscal year (FY) 2014. Among other things, the upgrade was expected to automate the workflow and facilitate easy self-service reporting. Delivery of the full upgrade was delayed. In May 2015, the GEF Secretariat reported that it had assumed responsibility for the upgrade. Work on system upgrading is still in progress.

ISSUES TO ADDRESS

1. The analysis conducted so far underscores the need to update the RBM framework so that environmental trends and long-term impacts of GEF activities on the drivers of environmental degradation are tracked systematically. So far, the focus has been on the inputs, outputs, and outcomes of GEF activities. These are important, but there also needs to be systematic tracking of long-term impacts so that whether, and the extent to which, the GEF delivered on the GEF 2020 strategy may be ascertained.

2. The GEF Secretariat needs to streamline the tracking tools for biodiversity and multifocal area projects. For the biodiversity focal area, alternative approaches such as the use of remote sensing information to track changes on the ground need to be explored. As noted by OPS5, tracking tools for multifocal projects need to be streamlined so the total reporting requirement is much less than the sum of the tracking tools of all focal areas covered by a given project. While tracking tools for multifocal projects need to be pared down in terms of the number of individual focal area results that ought to be reported on, they need to better capture the results of targeting multiple focal areas together. Attention also needs to be given to follow-up on and better management of, and easy access to, information from tracking tools.

3. Reporting on results needs to give adequate attention to past results. While the AMR performs a role, instead of focusing on the results of the cohort of projects completed and those that had a midterm review during the preceding year, the results of GEF activities should be reported on by replenishment period based on cumulative information from terminal evaluations, tracking tools, and midterm reviews. This outlook also needs to be reflected in reporting on results through the corporate scorecard.

4. PMIS upgrading has been delayed by several years. This work needs to be completed with a sense of urgency.