



# Global Environment Facility

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November 21, 2007

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GEF Council  
November 14-16, 2007

Agenda Item 11

## TERMS OF REFERENCE FOR THE MID-TERM REVIEW OF THE RESOURCE ALLOCATION FRAMEWORK APPROVED VERSION

**(Prepared by the GEF Evaluation Office)**

**Council Decision**

The Council, having reviewed Document GEF/ME/C.32/6, *Terms of Reference for the Mid-term Review of the RAF*, approves the terms of reference, subject to comments made at the Council meeting, which will be reflected in revised Terms of Reference to be circulated by the GEF Evaluation Office. The Council also approves US\$ 500,000.00 as “special initiative” fund for the GEF Evaluation Office to cover the expenses for the mid-term review.

## **EXECUTIVE SUMMARY**

1. At its meeting in June 2006 the GEF Council requested the Evaluation Office to prepare for Council consideration a detailed proposal and budget for the RAF mid-term review. More specifically the Office was requested to circulate for comment, prior to the November Council meeting, a draft terms of reference for the mid-term review so that a revised proposal and budget could be approved by the Council at its meeting in November 2007.
2. The Evaluation Office decided to consult widely to prepare for draft terms of reference. For this purpose, an approach paper was written and published on the website of the Office on July 20<sup>th</sup> 2007 and comments and suggestions on this approach paper were gathered during the month of August. Many useful reactions were received from eight Council members, the GEF Secretariat, two Implementing Agencies (UNDP and UNEP), two GEF Focal Points, the Convention Secretariats (CBD, UNFCCC) and one NGO.
3. These comments and suggestions were used for the formulation of a first version of the draft terms of reference, which was circulated to Council members on the 10<sup>th</sup> of September 2007. On September 28<sup>th</sup> 2007, five Council members had reacted and further comments were received from four GEF Focal Points. A second version of the draft terms of reference was presented to the November 2007 Council.
4. The current and final version of the terms of reference includes comments by the Council at its November 2007 meeting.



**Global Environment Facility  
Evaluation Office**

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## **Resource Allocation Framework: Mid-Term Review**

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### **Terms of Reference Approved Version**

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## 1. Introduction and Background

5. The Global Environment Facility (GEF) is the financial mechanism for the Convention for Biodiversity, and the United Nations Framework Convention for Climate Change and other multilateral environment agreements. The GEF provides new and additional funding to meet the agreed incremental costs of securing global environmental benefits, working in partnership with GEF Implementing Agencies (UNEP, UNDP, and the World Bank), seven Executing Agencies, national governments and civil society. More information can be found at its website: [www.thegef.org](http://www.thegef.org).

6. The GEF Council has taken various decisions on the RAF, which will be taken as guiding posts for this mid-term review. A full overview of these decisions is presented in Annex A. RAF implementation officially began in February 2007 with the effectiveness of the fourth replenishment of the GEF.

7. The draft Terms of Reference for the Resource Allocation Framework Mid-Term Review present the key questions, methodology, process and timeframe proposed for the review. During preparation of the terms of reference, the GEF Evaluation Office has sought comments from GEF stakeholders throughout the drafting process. An approach paper was published in July 2007 on a webpage of the Evaluation Office dedicated to the mid-term review and an email address was established to receive comments and suggestions. Many comments and suggestions were received from various sources: GEF Council members, the CEO and the GEF Secretariat, constituencies, GEF focal points, focal points for conventions, the convention secretariats, GEF agencies and NGOs. Extensive consultations are also proposed during the implementation of the evaluation and development of the final report.

## 2. The Resource Allocation Framework: A Brief Overview<sup>1</sup>

8. The Resource Allocation Framework is built on two key pillars: (1) country's potential to generate global environmental benefits within the biodiversity and climate change focal areas, which reflects the mandate of the GEF; and (2) country performance regarding relevant national policies and enabling environment that facilitate successful implementation of GEF projects. These two pillars are reflected in the Resource Allocation Framework through two indices:

- (i) GEF Benefits Index – a measure of the potential of each country to generate global environmental benefits in the biodiversity and climate change (only based on mitigation of greenhouse gases) focal areas.
- (ii) GEF Performance Index – a measure of each country's capacity, policies and practices relevant to a successful implementation of GEF programs and projects. The GEF Performance Index is composed of three indicators:

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<sup>1</sup> Based on GEF Council, *The Resource Allocation Framework* GEF/C.27/Inf.8.Rev.1 (2005) and [http://www.thegef.org/interior\\_right.aspx?id=82&menu\\_id=120](http://www.thegef.org/interior_right.aspx?id=82&menu_id=120) (August 2007)

- (i) Portfolio Performance Indicator (PPI)<sup>2</sup> – with a weight of 10%;
- (ii) Country Environmental Policy and Institutional Assessment Indicator (CEPIA)<sup>3</sup> – with a weight of 70%; and
- (iii) Broad Framework Indicator (BFI)<sup>4</sup> – with a weight of 20%.

9. Funding allocations to countries for the focal areas of International Waters, Sustainable Land Management, Persistent Organic Pollutants and Ozone are not subject to the Resource Allocation Framework at this point in time.

10. The indicative allocations for each focal area are determined by<sup>5</sup>:

- (i) Computing the country GEF Benefit Index and GEF Performance Index scores for each focal area;
- (ii) Computing the country and group allocations in the following five steps:
  - Step 1. Country score =  $GBI^{(0.8)} \times GPI^{(1.0)}$  in each focal area;
  - Step 2: Country share = country score ÷ sum of country scores for all eligible countries in that focal area;
  - Step 3: Preliminary country allocation is computed as a product of the country share and the total amount of GEF resources available for each focal area, after the subtraction of exclusions (i.e. 5% for global and regional allocations, and 5% for small grants program and cross-cutting capacity building);
  - Step 4 – adjusted allocations for minimum allocations and ceilings – for each country whose preliminary allocation is less than US1 million, a targeted supplement will be provided so that the country will have a minimum adjusted allocation of US\$ 1 million. Resources needed for the targeted supplement is obtained by adjusting the preliminary country allocation of the remaining countries in proportion to the respective country shares;
  - Step 5. Indicative allocations to countries and the group – for each focal area, all eligible countries are listed in decreasing order of adjusted allocations. The highest ranked countries whose cumulative adjusted allocations equal 75 percent of total resource in the focal area receive country specific indicative allocations equal to their respective adjusted allocations. The remaining countries are placed in the group with collective access to the indicative allocations for countries in the group for each focal area.

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<sup>2</sup> Composed from GEF project ratings contained in the Project Implementation Review and an indicator developed from ratings by the World Bank Independent Evaluation Group of implementation completion reports of World Bank environmental related projects

<sup>3</sup> Based on the Policies and Institutions for Environmental Sustainability indicator from the World Bank's Country Policy and Institutional Assessments (CPIA)

<sup>4</sup> Based on the average of five indicators under the Public Sector Management and Institutions cluster of the CPIA

<sup>5</sup> See GEF Council, *The Resource Allocation Framework* GEF/C.27/Inf.8.Rev.1 (2005) pages 2 – 4 for details on the method for determining allocations

11. Allocations, both for individual and group countries, are indicative resource envelopes that may be available to a country. They are not entitlements<sup>6</sup>.

12. Commitments made to a country if it receives individual allocations during the first half of a replenishment period (typically two years) can not exceed 50 percent of the indicative allocations of the country for the entire replenishment period. If a country belongs to the group, the commitments during the first half of the replenishment period can not exceed 50 percent of the upper limit. At the mid-point of GEF-4 (July 2008), the indicative allocations for an individual country and the group will be adjusted for the remainder of the replenishment period by applying the Resource Allocation Framework model to 50 percent of the resources available for each focal area in the replenishment period using updated GEF Benefits and Performance Indices data. This amount plus the carryover (any uncommitted resources) from the first half of the replenishment period becomes the revised indicative allocation for each country and the group for the remainder of GEF-4.

13. A country that receives an individual allocation in the first half of a replenishment period will continue to receive an individual allocation in the second half of the replenishment period, regardless of any changes in the indices. Such a country will continue to be eligible for an individual allocation equal to its adjusted allocation resulting from the re-assessment plus its carryover from the first half of the replenishment period<sup>7</sup>.

14. Exclusions are resources made available to the focal areas that are not allocated through the Resource Allocation Framework. The exclusions are: (a) Five percent of the resources available for each of the focal areas for global and regional projects, (b) Five percent of the resource available for each of the focal areas for the Small Grants Program and cross-cutting capacity building activities. These exclusions plus the indicative allocation to the group and any other targeted supplements will not exceed 25 percent of the resources in each focal area.

15. Country eligibility for GEF financing is defined in paragraph 9 of the GEF Instrument. The Resource Allocation Framework document states that “experience has shown that there are not always clear criteria provided by the conventions to determine eligibility. Pending clear criteria that would allow the GEF to list all countries eligible within the framework of the financial mechanism of a convention, the GEF will use, for purposes of the RAF, the following criteria to determine country eligibility for GEF funding in a focal area: (i) the convention secretariat confirms that the country meets eligibility criteria established by the relevant conference of parties; or (ii) the country is eligible to borrow from the World Bank or eligible for country assistance from UNDP, and it is party to the convention pertaining to the focal area.”<sup>8</sup>

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<sup>6</sup> Based on CEO communication to GEF Operational Focal Points, August 8<sup>th</sup> 2006

<sup>7</sup> *The Resource Allocation Framework* GEF/C.27/Inf.8.Rev.1 (2005) and [http://www.thegef.org/interior\\_right.aspx?id=82&menu\\_id=120](http://www.thegef.org/interior_right.aspx?id=82&menu_id=120)

<sup>8</sup> *ibid*

16. If an eligible country: (i) is not a Participant in the GEF; or (ii) has not previously received GEF resources in the focal area; or (iii) does not have any GEF Performance Index data, then it will be included in the group and will have access to group resources. The initial lists of countries eligible for GEF funding in the biodiversity and climate change focal area respectively, were developed on the basis of the eligibility criteria described in paragraphs 9(a) and 9(b) of the GEF *Instrument*, and in consultation with the CBD and UNFCCC Secretariats.<sup>9</sup>

17. The GEF Secretariat has proposed to increase support for GEF national focal point development and national capacity development with the objective of assisting countries to better address global environmental challenges and strengthen their capacities to work through the Resource Allocation Framework. Two new initiatives – the Country Support Program for Focal Points and the GEF National Dialogue Initiative - for stakeholders to seek clarification and provide feedback about the Resource Allocation Framework.

18. All project proposals have to be: (i) consistent with the GEF’s focal area strategic objectives; (ii) meet GEF’s project review criteria; and (iii) be approved in accordance with the GEF project cycle procedures<sup>10</sup>.

### 3. Emerging Issues<sup>11</sup>

19. The Resource Allocation Framework has received a significant amount of attention from donor and recipient countries, the multilateral environmental conventions, GEF Agencies and other stakeholders throughout its design and negotiation, and continues to do so during implementation. Furthermore, the Resource Allocation Framework decision specifically asks for the evaluation to “consider the feasibility of using indicators available, or to be developed, within the UN system, and an evaluation of the weight of governance within the Country Environmental Policy and Institutional Assessment Indicator (CEPIA)”.<sup>12</sup>

20. Over the past year the Evaluation Office has received many comments and recommendations for issues to be addressed in the mid-term review. Key emerging issues reported so far include:

21. GEF Benefits Indices: Concern was raised that land-based biodiversity resources are favored over marine biodiversity resources in the biodiversity indices, and that such allocations are not made in comparable terms. On climate change, the indices do not seem to reflect issues such as vulnerability and adaptation to climate change. These issues have especially been raised by Small Island Developing States (SIDS).

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<sup>9</sup> *Progress Report on Implementing the Resource Allocation Framework*, GEF/C.28/12 (May 2006)

<sup>10</sup> *Ibid.*

<sup>11</sup> Based on EO participation at sub-regional workshops in 2006; and data collected for other evaluations such as the Joint Evaluation of the GEF Activity Cycle; Evaluation of Incremental Cost Assessment; and the Joint Evaluation of the GEF Small Grants Program

<sup>12</sup> Joint Summary of the Chairs, *Special Meeting of the Council*, August 31-September 1, 2005: Annex I, # 2 (e)



22. GEF Performance Indices: Representatives of the Least Developed Countries (LDCs) raised the concern that countries with lower capacity to perform would need higher funding to overcome capacity restraints, which is not recognized in the indices. Furthermore, countries that emerge from civil problems or conflicts may score low on performance but have an internationally recognized need to rebuild their societies and environment, with potentially high global environmental benefits. One country questioned whether the weights related to governance are sufficiently high to enable the RAF to allocate resources based on country performance.

23. Exclusions: A concern has been expressed that the number of exclusions (for global and regional programs, for small grants and capacity building), and allocations that are not based on the performance indices (such as “targeted supplements” and group allocations) are too high, and that this may prevent the RAF from functioning as a “state of the art” performance-based allocation system.

24. Co-funding: representatives from regions and countries where co-funding is traditionally lower than in other regions pointed to the problem that in their region co-funding usually requires more time to initiate and that this would pose problems for meeting the specific time-limits in the first phase of implementation of the Resource Allocation Framework. Co-funding requirements may influence the accessibility of funds under RAF.

25. Legal Aspects and Guidance of the Conventions: especially in Conferences of the Parties to the conventions the issue has been raised whether the Resource Allocation Framework is in line with guidance of the conventions, and whether the GEF Benefits Index for Biodiversity is effective for determining the potential of each country to generate the global biodiversity benefits for the purposes of the Convention. The legal basis of the Resource Allocation Framework has been discussed in relation to the GEF role as a financial mechanism.<sup>13</sup>

26. Implementation and Organization: Countries have raised various issues regarding the (a) quality of information and assistance for countries to utilize their individual and / or group allocations in order to meet initial deadlines; (b) effect on country driven approaches, decision-making and participation; (c) effect on GEF operations, country portfolio programming and project modality selection and design; (d) changes in the roles of the GEF Agencies, and civil society; (e) effect on transparency and predictability; and (f) assistance to countries related to the capacity to utilize RAF resources.

#### **4. Scope and Limitations**

27. The mid-term review will provide GEF Council with an evaluation of the design and implementation of the Resource Allocation Framework, in accordance with relevant Council decisions. Evaluations conducted mid-term primarily assess progress made in implementation towards achieving objectives, and make recommendations to improve

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<sup>13</sup> Wisner, G. (2007) *Legal Analysis of the GEF Resource Allocation Framework* – Prepared by The Center for International Environmental Law (CIEL). Funded by a grant from the German Federal Ministry for Environment, Nature Conservation and Nuclear Safety

performance for the remaining period. The recommendations of the review should therefore enable the Council to make informed decisions regarding the design and implementation of the RAF, especially for improving implementation in the second half of GEF-4 and for allocation of resources on the basis of country performance and global environmental benefits; and regarding the possible development of a GEF-wide Resource Allocation Framework.

28. Due to the early stages of the Resource Allocation Framework implementation, with the first work program being approved by the GEF Council in June 2007<sup>14</sup>, it is too early to provide evidence on the impact of the Resource Allocation Framework on global and country environmental benefits. However, to the extent possible, the review will address aspects of country performance, country-drivenness, predictability and transparency. It will also evaluate design and implementation – including organizational, institutional arrangements, project and portfolio changes that will provide ‘process’ indications for such impacts to be realized. As such, only preliminary findings can be presented on how the RAF is enhancing the achievement of global environmental benefits. This limitation is usual for a mid-term review<sup>15</sup> or *formative* evaluation with a focus on system activities and processes that are under implementation, as opposed to a *summative* evaluation which would cover outcomes and intermediate impacts.

29. While recognizing that the early timing of the mid-term review compared to the date of RAF effectiveness would pose limitations to available information, the Council found that the review should proceed as planned from November 2007. The Evaluation Office will be able to make judgments on the emerging results of the Resource Allocation Framework once it has been under implementation for several more years. It is likely that this could be addressed to some extent by the Focal Area Evaluations and the Fourth Overall Performance Study.

30. Standard evaluation criteria of relevance, efficiency and effectiveness will be used to assess the performance of the Resource Allocation Framework.

## 5. Objective

31. The overarching objective of the mid-term review is:

- *To evaluate the degree to which resources have been allocated to countries in a transparent and cost-effective manner based on global environmental benefits and country performance.*

32. The review will be based on three sub-objectives: (i) to evaluate the extent to which the design of the Resource Allocation Framework is able to facilitate maximization of the impact of scarce GEF resources to enhance global environmental benefits; and (ii) to assess the extent to which the early implementation of the Resource Allocation Framework is providing countries with predictability, transparency as well as enhancing

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<sup>14</sup> GEF-4 became effective in February 2007.

<sup>15</sup> Commonly referred to as ‘mid-term evaluations’.

country driven approaches to improve the potential for delivery of global environmental benefits; and (iii) to compare the design and implementation of the Resource Allocation Framework with the resource allocation systems of other multilateral agencies.

## **6. Key Questions**

33. The following questions, based on the emerging issues and comments received on the approach paper and the first draft of the TOR, are grouped by sub-objective and not implying any order of importance. In order to maintain a manageable focus and vision of the review, the key questions are kept limited, while sub-questions and details on key elements to address under each question are included in Annex B. Stakeholder comments will be used to provide further nuances to the sub-questions during the development of methodology for the review.

### **Design**

1. To what extent do the global environmental benefits indices reflect best available scientific data and knowledge?
2. To what extent can the performance indices be considered as ‘best practice’?
3. To what extent is the RAF designed to maximize global environmental benefits?

### **Implementation**

4. Has the RAF been implemented in accordance with Council decisions?
5. To what extent has the initiation and implementation of the Resource Allocation Framework been transparent and timely?
6. How has the RAF affected the roles and operation of countries, agencies and entities under the Instrument?
7. What are the observable changes in GEF programming from GEF- 3 to GEF-4?
8. What has been the impact of the various design elements of the RAF that have raised concerns?
9. To what extent has the RAF been cost-effective?

### **Context**

10. What recent developments, both within the GEF and elsewhere, should the Council take into account in considering potential changes in the Resource Allocation Framework or the way it is implemented?

34. Many valuable comments and suggestions have been received from GEF Council Members and Focal Points, as well as partners and stakeholders. These comments are especially reflected in the detailed sub-questions which can be found in Annex B. Although these sub-questions are endorsed by the Evaluation Office and will be explored, in some cases there may not (yet) be sufficient evidence to answer them. Furthermore, in

the initial work for the review, the Office will also develop an evaluation matrix in which the questions will be related to the criteria of relevance, effectiveness, and efficiency.

## 7. Design and Methodology

35. The review design will be formative in that the primary approach will be to judge the design and implementation process of the Resource Allocation Framework. However, the design will include opportunities for external comparison of the design and implementation experience of the Resource Allocation Framework against other allocation frameworks, such as that of the International Development Association<sup>16</sup> and those of the other Multilateral Development Banks. It may be early to observe large changes in project type and the overall structure of the GEF portfolio given the relatively recent launch of the Resource Allocation Framework, however, the database of the GEF Project Portfolio developed for the Joint Evaluation of the GEF Activity Cycle will be used to enable observation of initial changes that have occurred to date.

36. In collecting data and drawing conclusions on the process of implementation the mid-term evaluation will provide a sound basis for assessing institutional and organizational changes that have potential to either support or hinder the overall goal of attaining and enhancing the sustainability of global environmental gains. The Evaluation Office will follow a “mixed methods” approach to ensure that data gathering and analysis deliver aggregate and synthetic qualitative and quantitative judgments on the basis of diverse material, from desk studies, interviews, surveys, expert panel judgments, portfolio analysis to stakeholder consultations. For this purpose, qualitative material will be further analyzed through specialized software<sup>17</sup>. The range of methodologies to be considered will be the following.

37. **Literature and desk review(s):** Internally and externally generated information will be reviewed covering topics related to the design and implementation (sub-objectives 1 and 2) of the Resource Allocation Framework. The experiences and any evaluations of other resource allocation frameworks (e.g., International Development Association; International Fund for Agricultural Development, (sub-objective 3) will also be reviewed. The literature review will include, where appropriate, findings from recently completed evaluations such as the Evaluation of the GEF Small Grants Programme, Joint Evaluation of the GEF Activity Cycle and the Country Portfolio Evaluation in Costa Rica, Philippines and Samoa, as well as on-going evaluations such as the four Country Portfolio Evaluations in Africa.

38. **Delphi approach:** A panel of independent experts on global biodiversity and climate change issues will provide an assessment of the GEF Benefits Indices. Similarly, a panel of independent experts on country performance issues will provide an assessment of the GEF Performance Indices. This panel will include experts with an understanding of performance based allocation systems at other multilateral institutions. Furthermore, the possibility will be explored for including questions that would usefully inform other work

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<sup>16</sup> For example, World Bank (2001) *Review of the Performance-based Allocation System, IDA 10 – 12*. Operations Evaluation Department. Washington DC.

<sup>17</sup> For example using Atlas-ti – see [www.atlasti.de](http://www.atlasti.de)

in the mid-term review. The study will be contracted on a competitive basis to an institution with the requisite expertise in designing and implementing this methodological approach<sup>18</sup>. The participants in the Delphi methodology, with geographical representation, will be vetted for independence to prevent conflict of interest with GEF support. STAP will be invited to support the Delphi study through providing advice.

39. **Portfolio Analyses:** The Joint Evaluation of the GEF Activity Cycle recently completed by the Evaluation Office will be used as a baseline to compare with any early changes in project modalities in GEF-4 (such as FSP, enabling activities, MSPs, PDFs, programmatic approaches), in delivery and also changes in efficiency and effectiveness of the project activity cycle under the Resource Allocation Framework. To capture the range of data needed for the RAF review, the database must be extended with a country analysis component; and indices component. The portfolio analysis may consist of both a pipeline review; and review of approved projects under GEF-4 and their implications for RAF resource utilization.

40. **Historical time series analysis:** The effect of the RAF on GEF operations and allocations will be analyzed through a quantitative comparison with historical commitments and previous implementation arrangements. All quantitative data would be analyzed, as much as possible, according to relevant dimensions (such as individual or group allocations, region, country classification – LDC, SIDS, NIC, GNP, Operational Program, Agency, project financing, modality, nature of project etc.).

41. **Statistical analysis and data modeling.** The effectiveness of the indices, their composition and their interrelations will be analyzed through data modeling of different combinations of indices weights, exclusions and content. For example, the analysis could assess the effect of the various exclusions on the allocations; the potential effect on allocations if performance or global environmental benefits were given a higher weight in the allocation equation. This can present both a counterfactual to the current situation and scenario planning or forecasting for future consideration.

42. **Financial cost analysis.** As input on cost-effectiveness and lessons for a possible expansion to a GEF-wide system, a tentative assessment will be made of changes to the operational and administrative costs of the GEF, including original investment costs of the RAF; cost of operation; management costs as compared to project costs; possible savings in terms of time, effort or money.

43. **Survey(s)** of all major GEF stakeholders who have a role in Resource Allocation Framework implementation to gain their experiences and perceptions<sup>19</sup>, including from country recipient governments, focal points, GEF Agencies, donors, civil society, project management, beneficiaries and other proponents,. Furthermore, consultations will be held with GEF stakeholders to gather opinions and perceptions. Inter-active and confidential Information Technology solutions will be explored to ensure that stakeholders can submit perceptions and experiences to the Evaluation Office.

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<sup>18</sup> This approach was used in the GEF (2006) Evaluation of Biosafety. GEF Evaluation Office. Washington DC.

<sup>19</sup> For example using [www.surveymonkey.com](http://www.surveymonkey.com)

44. **Semi-structured interviews:** with the key informants and experts including all GEF entities referred to in the Instrument, Convention secretariats, partners involved in or benefiting from GEF support at country level, governments, civil society and private sector. These interviews may be important in providing an overview of changes caused to strategy, institutions and modalities with the GEF. The interviews will also be used as a tool to examine the design of the Resource Allocation Framework including the data selection inputs for the GEF Benefit and Performance Indices.

45. **Stakeholder consultations:** These will focus on collecting information (through interviews / focus groups) on Resource Allocation Framework implementation and to compare with information gathered through other methods. In order to capture a broad range of experiences the Evaluation Office will consider taking advantage of a range of opportunities for consultations through:

- Sub-regional workshops, of which a series is being planned during the implementation of the review (in 2008) where a separate day for specific consultations with GEF Focal Points will be set aside;
- Select constituency meetings and national dialogue initiative workshops to discuss Resource Allocation Framework issues in-depth on the country level;
- Conferences of the Parties to the Biodiversity and Climate Change conventions;
- Council meetings and NGO consultations;
- Executive coordinator and Agency meetings;
- Incorporate consultations for this review into other evaluations such as the Country Portfolio, Catalytic Role and Impact Evaluation field visits (through late 2007 and 2008).

46. The **sampling** for the mid-term review will encompass all projects that have been approved under the initial Resource Allocation Framework work program. Consultations will aim to sample a range of experiences and perspectives from those countries with significant individual allocations (and portfolios) and those in the group allocation.

## **8. Roles and Responsibilities**

47. The mid-term review will be managed and executed by the GEF Evaluation Office. The Evaluation Office will have sole responsibility for formation of the evaluation team, selection of consultants, data collection, analysis and presentation of the mid-term review to GEF Council in November 2008. No conflict of interest is identified at this point for the Evaluation Office to conduct the review.

48. The mid-term review team will come under the managerial control and leadership of the Director of the GEF Evaluation Office. The day-to-day task management of the mid-term review will be undertaken by a Senior Evaluation Officer. He or she will have responsibility for the execution of the terms of reference, hiring of consultants, day-to-day management of the evaluation team and output production. He or she will be assisted by other Evaluation Office staff.

49. The composition of the mid-term review evaluation team will be:

- Evaluation Office, Director (Overall Leadership and Managerial Oversight)
- Senior Evaluation Officer (Task Manager)
  - 1 Lead Consultant
  - 3 Specialist consultants (Performance frameworks / environmental issues / management issues)
  - 2 Junior consultant research assistants

50. Collaboration with the GEF Secretariat and the GEF Agencies will be important for the mid-term review. The GEF Secretariat is expected to support the Evaluation Office by making available all information on the design and implementation of the Resource Allocation Framework, and of data related to progress in implementation. Similarly, the Evaluation Office will share information on the review in a timely manner so that the GEF Secretariat has adequate time to respond to the findings and recommendations of the mid-term review and can use preliminary findings in the preparation of its own proposals. The Evaluation Office will also seek collaboration with other partners, such as the Scientific and Technical Advisory Panel (STAP), Convention Secretariats and where appropriate and relevant the independent Evaluation Offices of GEF Agencies. A special collaborative effort will be set up with the GEF Country Support Programme to ensure adequate consultation with GEF Focal Points.

## 9. Process and Timeframe

51. The key moments for the evaluation are set out in the table below

<b>Evaluation Process</b>	<b>Timeframe</b>
1. Approach Paper written and circulated for discussion. Comments input into Terms of Reference	July – August 2007
2. Drafting of Terms of Reference	August – September 2007
3. Terms of Reference presented for discussion and approval by GEF Council	November 2007
4. Mid-Term Review implementation, data collection and stakeholder consultations	December 2007 – July 2008
5. Analysis and Report Drafting	August 2008
6. Council Discussion and Decision-making	October 2008
7. Publication and Dissemination	November 2008 – January 2009

## 10. Stakeholder Consultation

52. Stakeholder consultation for the mid-term review will be extensive. The Evaluation Office will utilize appropriate methods, to ensure active and meaningful involvement of stakeholders throughout the mid-term review design and implementation. This process was already initiated through the draft of an *approach paper* which was sent out for discussion and comment in July 2007.

53. The Evaluation Office will utilize the following avenues for consultation, as appropriate and necessary to gather inputs at the beginning of the evaluation process:

- GEF Focal Point Sub-Regional Meetings (various locations – see next paragraph)
- Convention Meetings
- Integration of mid-term review questions and issues into the Country Portfolio; Catalytic Role; Impact Evaluations country visits / fieldwork

54. The Evaluation Office will collaborate with the Country Support Programme to enable the input of GEF focal points in the RAF mid-term review. Given the fact that this involvement has been identified as a high priority by the focal points, it is possible to set aside half a day at upcoming sub-regional workshops organized after the Council meeting in November 2007, starting with the workshop in Bali. Such as half day session will be followed by more in-depth interviews, where needed. In 2008, five sub-regional workshops will be held in the period between early March and end of July. For constituencies that are not covered in this period, other means of interaction will be identified, potentially through constituency meetings, if and when they are planned to take place. The possibility to join national dialogue workshops will be explored.

55. On completion of the draft evaluation report the Evaluation Office will actively engage and seek out comments from all GEF stakeholders including country recipients and donors.

## 11. Output

56. The main output from the mid-term review will be a single report detailing the design and implementation assessment of the Resource Allocation Framework. This document will be presented to GEF Council. After presentation to the GEF Council it will be published and disseminated in accordance with the Evaluation Office knowledge sharing policy, and translated into French and Spanish.

## 12. Report Outline

57. The report will be a concise, stand-alone document organized along the following lines (the actual table of contents may differ if and when warranted by findings):

### CHAPTER 1 Main Conclusions and Recommendations

- Introduction



- Conclusions on Design
- Conclusions on Implementation
- Recommendations

#### CHAPTER 2 Mid-Term Review Framework

- Background of the Mid-Term Review
- Key Questions
- Scope and Methodology

#### CHAPTER 3 Context of the Mid-Term Review

- Origins and Objectives of the Resource Allocation Framework
- Design of the Benefits and Performance Indices
- Allocation and Implementation Process

#### CHAPTER 4 Design of Resource Allocation Framework

- The Benefit Index
- The Performance Index
- Relationship between the Indices
- Other Allocation Frameworks

#### CHAPTER 5 Implementation

- Council decisions and implementation
- Institutional and Organizational Assessment
- Project and Portfolio Assessment
- Predictability and Transparency
- Country Drivenness
- Cost-effectiveness

#### Annexes:

- Terms of reference
- Distribution of resources by countries and groups

### 13. Budget

58. The budget will be managed as ‘special initiative trust fund’ in accordance with World Bank rules and regulations governing trust funds. An overview of the budget is provided below.

**Results Allocation Framework (RAF)**

Item			Budget
	days	rate	
<b>Literature and Desk Reviews</b>			
Lead Consultant	5	\$ 800	\$ 4,000
Junior Consultants	50	\$ 250	\$ 12,500
Specialized Consultants	40	\$ 550	\$ 22,000
<b>Sub-total</b>			<b>\$ 38,500</b>
<b>Portfolio and Data Analysis (paras 28-31)</b>			
Lead Consultant	5	\$ 800	\$ 4,000

Junior Consultants	200	\$ 250	\$ 50,000
<b>Sub-total</b>			<b>\$ 54,000</b>
<b>Semi-structured Interviews</b>			
Lead Consultant	30	\$ 800	\$ 24,000
Junior Consultants	30	\$ 250	\$ 7,500
Specialized Consultants	20	\$ 550	\$ 11,000
Travel	5	\$5,000	\$ 25,000
<b>Sub-total</b>			<b>\$ 67,500</b>
<b>Delphi Study (consulting firm)</b>			
<b>Sub-total</b>			<b>\$ 150,000</b>
<b>Consultations &amp; surveys</b>			
Teleconferences	20	\$1,000	\$ 20,000
Communications/Website	40	\$ 250	\$ 10,000
Travel	16	\$5,000	\$ 80,000
<b>Sub-total</b>			<b>\$ 110,000</b>
<b>Report Draft &amp; Final Version</b>			
Lead Consultant	30	\$ 800	\$ 24,000
Junior Consultants	31	\$ 250	\$ 7,750
Specialized Consultants	15	\$ 550	\$ 8,250
<b>Sub-total</b>			<b>\$ 40,750</b>
<b>Publications/Dissemination</b>			
<b>Sub-total</b>			<b>\$ 40,000</b>
<b>Total</b>			<b>\$ 500,000</b>

59. All consultants and external experts will be hired in accordance with the World Bank procurement rules and regulations, and with the full application of the ethics guidelines of the Evaluation Office to prevent conflict of interest.

## **Annex A – Overview of Council decisions on the RAF**

60. The policy recommendations of the third replenishment<sup>20</sup> requested “the GEF Secretariat to work with the Council to establish a system for allocating scarce GEF resources within and among focal areas with a view towards maximizing the impact of these resources on global environmental improvements and promoting sound environmental policies and practices worldwide”. Furthermore, “the system should establish a framework for allocation to global environmental priorities and to countries based on performance. Such a system would provide for varied levels and types of support to countries based on transparent assessments of those elements of country capacity, policies and practices most applicable to successful implementation of GEF projects. This system would ensure that all member countries could be informed as to how allocation decisions are made.”

61. The GEF Council endorsed these recommendations in October 2002 and discussed the development of such a system at its meetings from May 2003 to June 2005. In November 2003, the Council established principles for developing the RAF, deciding that “the Secretariat should consider the principles of simplicity, transparency, pragmatism, cost-effectiveness, comprehensiveness, country-drivenness and equal opportunity for all recipient countries to have access to GEF resources.”<sup>21</sup> After extensive negotiations, in September 2005, at a special meeting of the GEF Council, the Resource Allocation Framework was adopted, as a new system for allocating financial resources to recipient countries for biodiversity and climate change focal areas. These are historically the focal areas with the largest financial allocations.

62. The Council decided<sup>22</sup> that based “on policy recommendations of the third replenishment, and in particular the recommendation that the GEF should establish a framework for allocation of resources to global environmental priorities and to countries based on performance”, and consistent “with the *Instrument for the Establishment of the Restructured GEF* and the global environmental conventions for which the GEF serves as a financial mechanism”, and based on “assessments of country potential to generate global environmental benefits consistent with the Convention on Biological Diversity and the UN Framework Convention on Climate Change”, recognizing “the need for a transparent, equitable and inclusive system for the allocation of resources within the GEF”, as well as “that success in meeting the objectives of the GEF is based on good governance related to environmental sustainability within each country and at the international level”, “to implement, for the GEF-4 replenishment, a resource allocation framework based on an index of a country’s potential to generate global environmental benefits in the biodiversity and climate change focal areas and an index of performance”.

63. In September 2005, the Council “confirms the decision [...] that the Secretariat should work to develop a GEF-wide RAF based on global environmental priorities and

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<sup>20</sup> GEF Council, *Summary of Negotiations on the Third Replenishment of the GEF Trust Fund*, Annex C, para.16 GEF/C.20/4 (2002)

<sup>21</sup> GEF Council, Joint Summary of the Chairs, November 2005, # 22

<sup>22</sup> The full Council decision is contained in Annex I of the Joint Summary of the Chairs of the Special Meeting of the Council, August 31-September 1, 2005.

country-level performance relevant to those priorities”. The policy recommendations of the Fourth Replenishment also stated that “Taking into account (i) the findings of the mid-term review, (ii) the progress of developing indicators for the other focal areas, and (c) subsequent decisions by the Council, the Secretariat will implement a GEF-wide RAF by 2010, if feasible”<sup>23</sup>.

64. The GEF Council furthermore decided to “review the RAF after two years of implementation. The review will examine the operational experience with the RAF. It will also consider the feasibility of using indicators available, or to be developed, within the UN system, and an evaluation of the weight of governance within the Country Environmental Policy and Institutional Assessment Indicator (CEPIA).” The Council also decided that the Resource Allocation Framework will undergo a second independent review at the same time, or as part of, the fourth overall performance study of the GEF (OPS4).<sup>24</sup> The Council will review progress in developing indicators for other focal areas in conjunction with the mid-term review.

65. The mid-term review, “for Council consideration, will be undertaken by the Office of Monitoring and Evaluation (now the GEF Evaluation Office), in collaboration with the Secretariat and the Implementing and Executing Agencies”<sup>25</sup>. The policy recommendations for the fourth replenishment of the GEF also mention that the GEF Secretariat and the GEF Evaluation Office should monitor and report, on a pilot basis, trends in countries’ “Global Benefits Index” in the Resource Allocation Framework drawing on the Country Portfolio Evaluations (and other relevant evaluations) that will take place in the coming years.<sup>26</sup>

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<sup>23</sup> Policy Recommendations for the Fourth Replenishment of the GEF Trust Fund, GEF/A.3/6 Annex A, # 14

<sup>24</sup> Ibidem, Annex II

<sup>25</sup> Ibidem, Annex I and II; See also GEF Council, *The Resource Allocation Framework*, November 8 – 10<sup>th</sup>, 2005, para.30 – 32 GEF/C.27/Inf.8/Rev.1 (2005)

<sup>26</sup> Policy Recommendations for the Fourth Replenishment of the GEF Trust Fund, GEF/A.3/6 Annex A, # 19

## Annex B – Sub-questions per key question

Theme	Key Questions
<p><b>Design Issues</b></p> <p><b>Design Issues</b></p>	<p>1. To what extent do the global environmental benefits indices reflect best available scientific data and knowledge?</p> <p><b>Sub-questions:</b></p> <ul style="list-style-type: none"> <li>• To what extent does the RAF channel resources to countries with high global environmental benefits scores?</li> <li>• Do the biodiversity indices adequately reflect:               <ul style="list-style-type: none"> <li>○ Guidance from the CBD?</li> <li>○ Marine resources as compared to terrestrial resources?</li> <li>○ Agro-biodiversity?</li> <li>○ Biosafety?</li> </ul> </li> <li>• Do the climate change indices adequately reflect:               <ul style="list-style-type: none"> <li>○ Guidance from UNFCCC?</li> <li>○ Adaptation to climate change?</li> <li>○ Vulnerability to climate change?</li> </ul> </li> </ul> <p>2. To what extent can the performance indices be considered as ‘best practice’?</p> <p><b>Sub-questions:</b></p> <ul style="list-style-type: none"> <li>• To what extent does the RAF channel resources to countries with high performance scores?</li> <li>• To what extent do the indicators relate to countries’ ability to implement GEF projects successfully and produce sustained global environmental benefits?</li> <li>• To what extent would fluctuations in the CPIA indices cause volatility in RAF allocations?</li> <li>• To what extent do the sub-indicators in the Country Environmental Policy and Institutional Assessment Indicator (CEPIA) measure the quality of governance in a country? To what extent do the GEF Country Performance Index indicators reflect countries’ institutions and policies, including successful environmental policy formulation?</li> <li>• What are the weights of performance within the indices (allocations formula), and of governance (within performance)?</li> </ul>

Theme	Key Questions
<b>Design Issues</b>	<p>3. To what extent is the RAF designed to maximize global environmental benefits?</p> <p><b>Sub-questions</b></p> <ul style="list-style-type: none"> <li>• What is the balance and interrelationship between the performance and global benefits indices? To what extent are countries with high global environmental benefits and/or needs receiving lower allocations because of low performance scores?</li> <li>• To what extent does the RAF provide incentives for countries to improve their performance over time, both for individual and group allocation countries?</li> <li>• How does the RAF provide opportunities for synergies between climate and biodiversity work, or with other focal areas?</li> <li>• How flexible are the indices? Do they take account of changes in socioeconomic stability; crisis and post-conflict situations and changes in the underlying indicators?</li> <li>• To what extent does the RAF design take the actions of governments and other donors on global environmental benefits into account?</li> <li>• What is the impact on allocations of the various exclusions to the allocation formula based on indices, such as those for global and regional projects, the SGP, including the “group allocation” and the targeted supplements? What is the impact of the floors in allocations?</li> <li>• What would be the impact on allocations if the weights in the allocation equation were different, within and between each indice?</li> </ul>
<b>Implementation</b>	<p>4. Has the RAF been implemented in accordance with Council decisions<sup>27</sup>?</p> <p>5. To what extent has the initiation and implementation of the Resource Allocation Framework been transparent and timely?</p> <p><b>Sub-questions:</b></p> <ul style="list-style-type: none"> <li>• To what extent is RAF design (indices, scores, allocations, fees) transparent and publicly available to all GEF participants?</li> </ul>

<sup>27</sup> The GEF Instrument requires the the GEF “to act in conformity with the policies, program priorities and eligibility criteria decided by the Conference of Parties for the purposes of the convention concerned”.



Theme	Key Questions
<p style="text-align: center;"><b>Implementation Issues</b></p>	<p>transparency, simplicity and efficiency?</p> <ul style="list-style-type: none"> <li>• What are barriers or promoting factors for access to funds by countries, and underlying reasons? (such as co-funding; activity cycle, other corporate GEF reforms etc.)</li> <li>• To what extent have priorities for the project pipeline and the nature of projects changed?</li> <li>• To what extent has the funding of enabling activities, that facilitate Convention reporting requirements, been affected by the RAF?</li> <li>• How has the RAF affected the funding of<sup>28</sup>: <ul style="list-style-type: none"> <li>○ Global and regional projects (as compared to country projects)?</li> <li>○ The Small Grants Programme?</li> <li>○ Least Developed Countries and Small Island Development States?</li> <li>○ NGOs and civil society?</li> </ul> </li> </ul> <p>8. What has been the impact of the various design elements of the RAF that have raised concerns?</p> <p><b>Sub-questions:</b></p> <ul style="list-style-type: none"> <li>○ What is the impact of the 50% rule on GEF programming, operations and delivery?</li> <li>○ What is the impact of the group allocations on GEF programming and operations?</li> <li>○ How do the group allocations compare to the individual allocations?</li> <li>○ How has the allocation to global and regional projects been implemented and what has been its relationship with individual and group allocations?</li> </ul> <p>9. To what extent has the RAF been cost-effective?<sup>29</sup></p>
<p style="text-align: center;"><b>Contextual Issues</b></p>	<p>10. What recent developments, both within the GEF and elsewhere, should the Council take into account in considering potential changes in the Resource Allocation Framework or the way it is implemented?</p> <p><b>Sub-questions:</b></p> <ul style="list-style-type: none"> <li>• How does the Resource Allocation Framework compare to the performance-based allocation systems of other multilateral agencies?</li> <li>• Have new international best practices in performance-based allocation frameworks and their implementation</li> </ul>



Theme	Key Questions
	<p>emerged which should be taken into account?</p> <ul style="list-style-type: none"> <li>• Are any developments in the guidance of CBD and UNFCCC to be taken into account?</li> <li>• Can recent scientific developments be incorporated (e.g. the approach to look at environmental goods and services – including global ecosystem services – or approaches to mainstream biodiversity conservation in production systems)?</li> <li>• Are new databases available in the UN that could be used to improve upon the RAF indices? What other relevant databases could be taken into account, including those developed by think-tanks, universities, NGOs, etc?</li> <li>• Are there new assessments or indices available that could be used to assess country performance in terms of the quality of their institutions and policies that the GEF could incorporate?</li> </ul>