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GEF MANAGEMENT RESPONSE TO THE M&E PROGRAM STUDY ON OP12 “INTEGRATED ECOSYSTEM MANAGEMENT”

**(Prepared by the Secretariat in collaboration with the Implementing and
Executing Agencies)**

Introduction

1. The GEF Office of Monitoring and Evaluation, through the consulting assistance of the International Center for Tropical Agriculture (CIAT) conducted a *Program Study of Operational Program 12*, entitled *Integrated Ecosystem Management*. This note, prepared by the GEF Secretariat and the Implementing Agencies, is a management response to the main findings and recommendations emerging from the study.

Findings & Recommendations of the Study

2. The study had the following major findings:

3. Quality at Entry. The study noted good project preparation in addressing process-related issues such as partnership arrangements, country-drivenness, stakeholder participation, and the identification of procedures for cross-sectoral management. However, projects did not score as well on technical factors that are important to potential success, such as sound initial diagnoses of problems and assessment of potential solutions, accurate establishment of baselines, appropriate scientific and technical approaches to solution of problems, monitoring of change or impact, and mechanisms to learn from experiences and adapt accordingly.

4. Integration. The study found that a multi-focal approach does not necessarily imply that the projects have exploited the synergies between the focal areas or developed an integrated approach. The study points to a lack of strategic guidance in the operational program and unclear guidelines for preparing integrated ecosystem management projects.

5. Recommendations. The study did not make any concrete recommendations, but identified two areas for further discussion: (i) better guidance relating to OP12; and (ii) reconsideration of the operational program structure in the GEF. It also identified two important considerations that require more attention during project preparation:

- (a) assessment of “win-wins” versus “trade-offs” in terms of working to achieve: (i) development and/or poverty alleviation while maintaining or increasing global environmental goods and services, and (ii) synergies between or among focal areas; and
- (b) in some projects, synergies questionable to the point that the risk of “double jeopardy” arises in having to establish baselines and achieve and measure separate but synergistic impacts. That is, it may be that holding projects responsible for multifocal outcomes could be beyond project capabilities and budgets.

Management Response

6. In this response, we address the main findings of the study and a discussion of the two areas identified for further discussion. We begin by addressing issues related to the methodology used.

Methodology

6 We believe that the methodology used should have reflected the following key elements:

- (a) first, the size and degree of maturity of the portfolio: OP12 portfolio is small and still under development. Only 38 projects, at various stages of development, have been approved by the GEF Council and/or endorsed by the GEF CEO. Only three have reached or are about to reach their midterm life span. Therefore, only a few Project Implementation Reviews (PIRs) were available for review. None of the projects were visited. Thus, the findings from a desk review of projects that have not had time to demonstrate their viability are not necessarily illustrative of project and portfolio performance over time and under field-conditions; and
- (b) second OP12 has by definition the broadest constituent base. The scope of interviews organized by the study team was restricted, excluding a sizable segment of the knowledge base on OP12.

Quality at Entry

7 We are in agreement with the need for projects to be of good quality-at-entry, particularly regarding technical factors. In this regard, we have taken important steps to ensure that projects will provide a more robust presentation of the technical factors in proposals at work program inclusion. This includes the presentation of a sound problem analysis, a root-causes-impact chain, the identification of barriers for integrated ecosystem management and the related identification of project interventions. We will also encourage discussions of options to the technical approaches that are proposed.

7. We also agree with the study's strong call for the establishment of appropriate and accurate baselines. The need for a better use of the result-based management approach, clear indicators and monitoring and evaluation plans, have all been emphasized by the GEF Council during past work programs and encouraged by the Office of M&E. The study acknowledged that the new generation of project proposals has more comprehensive monitoring and evaluation plans and improved baseline information. The GEF Secretariat will consolidate this trend.

8. The study highlights several good examples of well-integrated projects based on their multi-focality and consistency with OP12 selection criteria. The GEF Secretariat will extract best practices and lessons learned in project design and level of detail of technical approaches for future reference and replication. In addition, the GEF Secretariat will draw on good practice examples to explore further the feasibility of developing indicators that demonstrate synergistic benefits. At the very least, focal area specific indicators will be strengthened.

9. With regard to measuring focal area specific global environmental benefits, especially in climate change (carbon-related indicators), biodiversity (habitat status and representative key species), and international waters (pollution- and other water-related indicators), closer collaboration will be sought with the specialists in these focal areas.

Integration

10. We agree with the finding that the multi-focality as well as the presentation and monitoring of synergies are weak points in the portfolio. An earlier internal analysis of the OP12 portfolio had already identified that a project that pursues multiple global environmental benefits does not necessarily apply an integrated ecosystem management approach. We agree that projects that fit the broad criteria for OP12 often lack a satisfactory description and quantification of targeted synergies between focal area objectives. The GEF Secretariat will pay increased attention to the issue of synergies in the context of the internal discussion process on thematic and institutional integration.

11. The study also points out the “lack of clear strategic priorities in the OP12 document, which allowed OP12, at least in its early stages, to become a ‘dumping ground’ of projects that did not fit well in the other OPs, especially in biodiversity”. While there were some inconsistencies in the early days of OP12, the GEF has proactively addressed this issue by setting up an institutional mechanism to ensure transparency, cross-focal area peer reviews and performance standards. Today, reviews for projects entering the OP12 portfolio are peer-reviewed by at least two thematic professionals in the GEF Secretariat and some of the agencies before the project enters the next stage in the GEF project cycle.

Two key considerations in GEF OP12 Projects

12. The study rightly pointed out that “win-win” vs. “trade-offs” must be considered in terms of both: a) working to achieve development/poverty alleviation vs. efforts to maintain or increase global environmental goods and services, and b) working to achieve synergies (a more positive form of win-win) between or among focal areas.

(a) “Win-win” or “trade-off”: environment and development

13. With the establishment of OP12, the GEF made the first tangible attempt to proactively address the links between development/poverty alleviation objectives and efforts to maintain or increase global environmental goods and services. Most OP12 projects address global environmental challenges in the production landscape. All global environmental goods and services addressed through these projects are under threat from unsustainable pressure on ecosystem components and services that are extracted and/or used to secure livelihoods.

14. The study pointed out that OP12 funds have often been used with the explicit recognition that achieving development and poverty alleviation objectives may often be translated into greater demands on global environmental goods and services.

15. We agree with the study that the assumption implying that projects involving the GEF would always result in “win-win” gains in *both* development and global environmental management, is not realistic. Projects focussing on the production landscape need to assess the potential for “win-win” gains or “trade-off” outcomes between global environmental and local livelihood benefits. We further agree with the program study that “difficult and likely unpopular decisions that balance the supposed importance of specific global environmental goods and

services vs. the possible need to sacrifice some gains in poverty alleviation” need to be discussed as part of the overall project design and sustainability analysis. The GEF Secretariat will pursue this recommendation with the GEF interagency task forces.

(b) Synergies (a form of win-win) or trade-offs among focal areas

16. The study noted that synergies between some focal areas may be nearly automatic. This finding is not specific to OP12 projects but affects many projects addressing natural resource management issues. By setting up an institutional mechanism to allow cross-focal area peer reviews for OP12 projects, the GEF Secretariat has minimized the risk that projects under OP12 might lead to trade-offs between focal area objectives, and thus a negative impact on a GEF focal area. According to the study, “no project was in contradiction of the operational principles as embodied in the Operational Strategy”.

17. We agree that no project in the portfolio proposed a convincing model to *measure* synergies between or among focal areas. Since mid-2004, the GEF Secretariat has requested projects submitted under OP12 projects to discuss the expected synergies between focal areas and, at work program inclusion, define an indicator that measures the expected synergistic benefits.

18. The study speculates that OP12 projects that seek funding for multi-focal work, “will then be held responsible for multi-focal outcomes that may be beyond project capabilities and budgets”. It is not clear to us why the study team has undertaken such speculative thinking. All GEF projects undergo feasibility analyses where project capacities and budgets are judged for cost effectiveness and likelihood of delivery. It would have been preferable for the study team to have analyzed a sample of project designs to assess such over-ambitiousness. However, the GEF Secretariat and the Implementing and Executing Agencies do acknowledge that integrated and/or synergistic projects tend to be more complex in design than single focal area projects.

19. The study also discussed the risk of “double jeopardy” ; i.e. the fact that an OP12 project has to show benefits in more than one focal area may become a disincentive for project proponents to engage in multi-focal OP12 projects (as opposed to for example going for a biodiversity project with secondary links to international waters). It is suggested that the TORs for future OP12 project implementation reports be adjusted accordingly to capture this risk. Technical backstopping missions by the Implementing and Executing Agencies will pay special attention to mitigating the risk of “double jeopardy” Clear incentives therefore have to be developed to encourage proponents to contemplate a synergistic (or integrated) project. The GEF interagency task force will consider these issues.

Future Direction for Integrated Ecosystem Management in the GEF

20. The study acknowledges the strategic thinking process which exists within the GEF family to further promote and institutionalize an integrated approach to natural resource management. We note the encouragement to deepen the ongoing dialogue that seeks to enhance the opportunities to capture global environmental benefits across the focal areas of the GEF. It

should be recognized, however, that there are no clear guidelines or state-of-the art information available to guide synergistic projects

21. The GEF recognizes the need to clarify and make more explicit cross-focal linkages. It also recognizes that projects and programs should be designed in a way that the added-value of integration across focal areas is optimized from the outset, monitored, and measured accordingly.

22. In GEF-4, the GEF intends to pilot thematic and institutional integration when it is deemed appropriate and opportune. The initial findings of the recently-concluded Millennium Ecosystem Assessment (MEA) give an additional impetus towards integration. It provides the scientific underpinning to understand the nature, size and consequences of adverse trends in ecosystems changes. It makes a special call for greater attention to cross-sectoral and institutional linkages and synergy issues in order to arrest current degradation trends.

23. Although there is already an increasing awareness of implicit linkages across focal areas in the GEF portfolio, it has become clear that in order to more systematically move towards integration, a more strategic approach across focal areas and with country clients is necessary. The following three interrelated pathways will be explored.

24. Project-level. At the focal area project level, opportunities for collaboration across focal areas within specific interventions that heretofore were not fully exploited will be targeted in GEF-4. This could include, but not be limited to, employing checklists and/or project review criteria to assess inter-linkages across focal areas that a specific project might be better able to accentuate through project design and implementation approaches (i.e., adaptation to climate change). The work being undertaken by STAP on inter-linkages will provide relevant guidance in this regard. In addition, within each focal area strategy, opportunities for integrated projects will be encouraged, as appropriate. The sharing of the incremental costs of identified integrated projects among relevant focal areas and operational programs will be considered on a case by case basis.

25. Country-level. At the country level, opportunities for integration will be identified by making use of country programming, the National Dialogue Initiative and the NCSA process. These activities will bring together multiple stakeholder groups and inter-ministerial committees and can therefore serve to foster collaboration across sectors that will be necessary to identify opportunities within their GEF portfolios for integrated approaches to natural resource management.

26. Program-level. At the program level, i.e., at the level of coordinated multi-project initiatives such as strategic partnerships and similar efforts, the GEF will pilot initiatives to demonstrate the application of comprehensive integrated natural resource management approaches whereby focal areas will share the overall incremental costs of interventions that bring together two (or more) focal areas to enhance the generation of global environmental benefits.

27. A pragmatic and progressive approach will be taken to operationalize these three pathways. A first step will be the identification of “low hanging fruit” in the various GEF focal area portfolios and corporate programs that show a high potential for thematic and institutional integration. The GEF will make sure that the findings and recommendations of the OP12 Program Study, especially those related to technical rigor and “trade-off” issues, will be fully taken into account and addressed as we move forward in GEF-4.

Concluding Remarks

28. There are considerable opportunities to enhance the capture of global environmental benefits across the focal areas of the GEF. OP12 was established as a pilot to optimize global benefits while addressing the objectives of multiple international conventions and treaties in accordance with national priorities. The Program Study has highlighted lessons from this pilot phase. The study confirmed the unique nature of OP12 and the importance of integration across focal areas in the GEF system.