



Global Environment Facility

GEF/ME/C.28/8

May 24, 2006

GEF Council
June 6-9, 2006

Agenda Item 9

PROPOSED OPTIONS TO OPERATIONALIZE THE SELECTED MODALITIES OF INTERACTION BETWEEN THE COUNCIL AND THE EVALUATION OFFICE

(Prepared by the GEF Evaluation Office)

Recommended Council Decision

The Council is recommended to take one or two of the three decisions indicated below.

Option 1

The Council, having reviewed document GEF/ME/C.28/8, *Proposed Options to operationalize the Selected modalities of Interaction between the Council and the Evaluation Office*, recommends to the Third GEF Assembly the following amendment (in bold and italic) to the *Instrument for the Establishment of the Restructured Global Environment Facility*:

Paragraph 20(b) of the Instrument be amended to read:

*[The Council shall] ensure that GEF policies, programs, operational strategies and projects are **monitored and independently evaluated on a regular basis, according to modalities decided by the Council**;*

AND/OR

Option 2

The Council, having reviewed document GEF/ME/C.28/8, *Proposed Options to Operationalize the Selected Modalities of Interaction between the Council and the Evaluation Office*, decides that the Rules of Procedure for the GEF Council be amended to reflect the new Evaluation Office status and functions, as shown below.

Changes to Council Rules of Procedure

Council Rules by Paragraph, with Inclusion of M&E changes

2. Under **DEFINITIONS**, new sub-heading:

r. "Evaluation Office" means the independent Evaluation Office of the GEF.

17. Council meetings shall be open to Members, Alternates, the CEO or his/her representative **and the Evaluation Director or his/her representative**. Two advisors may accompany each Member.

AND/OR

19. Representatives of the Implementing Agencies, the Trustee, **the Evaluation Office** and STAP shall be invited to attend the Council meetings.

23. Executive sessions of Council meetings may be held by decision of the Council. Executive sessions shall be open to Members, Alternates, advisors, and the CEO or his/her representative **and the Evaluation Office Director or his/her representative**. The Council may invite representatives of bodies referred to in paragraphs 19 to 21 to attend an executive session. The CEO may designate an official of the Secretariat to serve as the Secretary of an executive session.

24. A provisional agenda for each regular meeting of the Council shall be prepared by the CEO, and a copy of such provisional agenda, together with the notice of the meeting, shall be transmitted to all those invited to the meeting in accordance with paragraphs 17 to 22 of these rules. **For items related to evaluation matters, the Evaluation Office Director shall prepare the agenda and provide it to the CEO for transmission.**

26. An agenda for each special meeting of the Council shall be prepared by the CEO, and a copy of such agenda, together with the notice of the meeting, shall be transmitted to all those invited to the meeting in accordance with paragraphs 17 to 22 of these rules. **For special meetings including the consideration of evaluation matters, the Evaluation Office Director shall prepare the agenda for such items.**

29. The CEO shall transmit the documentation relating to items on the provisional agenda to all those invited to the meeting in accordance with paragraphs 17 to 22 of these rules at least four weeks before the start of a regular meeting and as soon as possible before a special meeting. The CEO shall transmit documentation relating to new items on a final agenda at the time of transmitting that agenda. **For items related to evaluation matters, the Evaluation Office Director shall transmit the documentation directly to the Council without prior clearance by any other party.**

43. Whenever, in the judgment of the CEO **or the Evaluation Director** on matters related to monitoring and evaluation, a decision must be taken by the Council which should not be postponed until the next regular meeting of the Council but does not warrant the calling of a special meeting of the Council, the CEO **or Evaluation Director** shall transmit to each Member by any rapid means of communication a proposed decision with an invitation to approve the decision on a no objection basis. Such communication shall also be transmitted to all those who would be invited to a meeting in accordance with paragraphs 17 to 22.

44. Each Member's comments on the proposed decision on behalf of his/her constituency shall be sent to the CEO **or Evaluation Director** during such period as the CEO **or Evaluation Director** may prescribe, provided such period is not less than two weeks.

45. At the expiration of the period prescribed for comments, the decision shall be approved unless there is an objection. If there is an objection raised by any Member or if replies are not received from at least two-thirds of the Members, the CEO **or Evaluation Director** shall

include consideration of the proposed decision as an item on the agenda for the next meeting of the Council. The CEO **or Evaluation Director** shall notify all those that received the communication referred to in paragraph 43 of the action he/she takes pursuant to this paragraph.

46. Before the end of each meeting, the Chairs shall present a joint summary of the main discussions and conclusions of the meeting. **On matters related to evaluation, the Chairs shall consult the Evaluation Office Director prior to finalization of the summary.** Any decision approved by the Council at a meeting shall be appended to the Chairs' joint summary. The Chairs' joint summary and the Council decisions shall be a public document.

OR

Option 3

The Council, having reviewed document GEF/ME/C.28/8, *Proposed Options to Operationalize the Selected Modalities of Interaction between the Council and the Evaluation Office*, reiterates its adoption of the GEF Monitoring and Evaluation Policy and decides to address any issues arising from the changed status of the Evaluation Office through the adoption of new decisions if and when these are appropriate.

Executive Summary

1. Pursuant to the Instrument (the “Instrument”) for the establishment of the Restructured Global Environment Facility (the “GEF”), the GEF governance is assured by an Assembly, a Council and a Secretariat, to which a Scientific and Technical Advisory Panel (the “STAP”) provides appropriate advice. The Evaluation Office is not a separate organ. When the Instrument was last amended, the monitoring and evaluation (“M&E”) unit was part of the Secretariat. In July 2003, the Council started the process of separating the M&E Unit from the Secretariat by adopting the terms of reference (the “TOR”) for an independent M&E unit. This process has culminated in a fully independent Evaluation Office and a new GEF M&E policy, as approved by the Council in February 2006. This independence now needs to be reflected as the Council decided at its meeting of November 2005, “in the main documents of the GEF, such as through the Instrument”.

2. At present, independence is based on a Council decision. The Council can in theory restrict or withdraw this independence at any Council meeting, by adopting a decision to that effect. While, in practice, this situation may not cause any problem in the operation and efficacy of the Evaluation Office, the Council may want to consider alternative options aimed at ensuring the continuation of the Evaluation Office as an independent entity.

3. Three options are being presented to the Council for consideration; one whereby the Instrument would be amended (Option 1); one whereby the Rules of Procedure for the GEF Council (the “Rules of Procedure”) would be amended (Option 2); and one whereby the Council, having already affirmed the independence of the Evaluation Office, would make ad hoc decisions on how to operationalize independence if and when specific issues arise (Option 3). Option 1 and 2 can be adopted together. More particularly:

Option 1

4. This would require a minor modification of the Instrument, recognizing the independence of the evaluation function, but leaving the details of how this will be secured to the Council.

Option 2

5. Pursuant to this option the Instrument would not be changed, but Council would amend its Rules and Procedures to reflect the new Evaluation Office’s status and functions.

Option 3

6. This option assumes that the transition to an independent Evaluation Office has been broadly accepted by all stakeholders through its reflection in the Council’s decision on the new M&E policy. That decision states that the Evaluation Office will be “accountable directly” to the Council. Any subsequent issues arising in the implementation of the system can be adequately addressed when they arise, by means of ad hoc requests to Council for further relevant decisions. No immediate action is required other than a decision to this effect.

Background

7. Since the Instrument was adopted, the Council has agreed to substantive changes in the structure and conduct of monitoring and evaluation of GEF activities. In November 2003, by document GEF/C.21/12, the Council approved the TOR for an independent M&E unit, as well as the TOR for the unit's Director. In November 2004, by document GEF/ME/C.24/1, the Council approved the Elements for a New GEF Monitoring and Evaluation Policy and requested the Office of M&E to prepare such a policy. Specifically, the Council agreed on key principles governing the relationship between the Office of M&E and the Council.

8. In November 2005, having reviewed document GEF/ME/C.27/1, the Council took the following decisions concerning the GEF Monitoring and Evaluation Policy:

- (a) to request the Office of Monitoring and Evaluation to finalize the policy subject to the incorporation of comments and relevant Council decisions on interaction between the Office and Council and on the MAR, and to circulate a final version of the policy for Council approval on a no-objection basis before the end of 2005;
- (b) to request the Office of Monitoring and Evaluation to develop proposals as necessary for fully reflecting the independence of the Office in the main documents of the GEF such as the Instrument and Rules and Procedures of the GEF Council;
- (c) to request the Secretariat, and the Implementing and Executing Agencies to implement the strengthened minimum requirements for Monitoring and Evaluation that have been adopted through this policy;
- (d) to approve the change of name of the Office of Monitoring and Evaluation to the GEF Evaluation Office;
- (e) to request the Office to prepare administrative procedures to implement the policy, that are fully in line with the Terms of Reference of the Office and with the decisions of the Council on the policy;
- (f) to request the Evaluation Office to develop appropriate guidelines and procedures to implement the policy;
- (g) to request the Office to continue to formalize its consultative process with M&E partners in the GEF;
- (h) to request the Office to develop a proposal for an M&E training program to be presented to the GEF June 2006 Council, in order to introduce the new policy and minimum requirements for M&E to the appropriate staff.

9. The same Council meeting also took the following decision:

- The Council, having reviewed documents GEF/ME/C.27/2, *Options for Interaction between the GEF Office of Monitoring and Evaluation and GEF Council* and GEF/ME/C.27/Inf. 2, *Interaction between Evaluation Offices and Governing Bodies: a comparative study*, approves Option 1 presented in Table 1 of GEF/ME/C.27/2 and requests the GEF Office of Monitoring and Evaluation to operationalize this option, taking into account the discussions and comments at this Council meeting and to propose appropriate or necessary amendments to main GEF documents, such as the GEF Instrument and the Rules of Procedures of the GEF Council. Council agrees to review this decision on the basis of experiences at a later date.

Proposed Options

10. The Instrument recognizes three bodies which together form the core of the GEF: the Assembly, the Council and the Secretariat. The Evaluation Office is not recognized as a separate independent body in that document. When the Instrument was last changed, the M&E Unit was part of the Secretariat. In July 2003 the Council started the process of separating the M&E Unit from the Secretariat by adopting the TOR for the independent M&E unit. This process has culminated in a new GEF M&E policy as approved by Council in February 2006 and an independent Evaluation Office. The independence of this Office and its accountability to Council are not expressly reflected in the instrument.

11. Recognition of the independence of evaluation can take place at several levels. In many countries, three levels of independence can be recognized. At the highest level there is independence of evaluation in the constitution of a country, for example where the supreme auditing institution is recognized in the constitution as a separate organ of the state. At the next level, independent evaluation can be enshrined in a law, which for example regulates the evaluation of health services or education. The third level of independence is found within government agencies, where the head of the agency or the minister has mandated a specific evaluation office to undertake independent evaluations and report on these evaluations to an external audience (parliament, or other regulatory bodies). This third level of independence is through internal regulations, and can be compared to the current situation in the GEF, where the Evaluation Office and the GEF M&E policy are established through Council decisions.

12. In the light of these possibilities, the proposed options presented to the Council concern the different levels of the Instrument, the Rules of Procedure, and the Council's decisions.

Option 1

13. This option would require a minor modification of the Instrument, recognizing the independence of the evaluation function, but leaving the details of how this will be secured to the Council.

14. While "minor" this amendment will also require approval by the Assembly, and adoption by the Implementing Agencies and the Trustee.

Proposed Amendment of the Instrument if Option 1a is Chosen

15. Para 20 (b) to read:

- (b) ensure that GEF policies, programs, operational strategies and projects are monitored and **independently** evaluated on a regular basis;

Option 2

16. Under this option, the Instrument would not necessarily be changed, but the Rules of Procedure would be amended to reflect the new Evaluation Office's status and functions, as shown on Pages 2 and 3 above. Such revision would not require review and approval by the Assembly or the Implementing Agencies and Trustee, but only require a decision of the Council.

17. This option does not require any action by the Assembly and provides limited assurance of the independence of the Evaluation Office and activities through their recognition by the Council and defined roles for the Evaluation Office Director at Council meetings.

Option 3

18. This option assumes that the transition to an independent Evaluation Office has been broadly accepted by all stakeholders through its reflection in the Council Decision adopting the M & E Policy. Any subsequent issues arising in the implementation of the system can be adequately addressed when they arise, by means of ad hoc requests to Council for further relevant decisions.

19. This option would not require amendment to the Instrument or the Rules of Procedure, but Council could take a decision explicitly reaffirming its acceptance of the new M&E Policy, as adopted in February 2006 and confirming the independence of the Evaluation Office.

Procedural Considerations

20. The Instrument for the Establishment of the Restructured Global Environment Facility provides the following procedures for the amendment of the Instrument:

34. Amendment or termination of the present Instrument may be approved by consensus by the Assembly upon the recommendation of the Council, after taking into account the views of the Implementing Agencies and the Trustee, and shall become effective after adoption by the Implementing Agencies and the Trustee in accordance with their respective rules and procedural requirements.

21. The Rules of Procedure for the GEF Council contain the following provision on amendment:

48. These rules may be amended by consensus of the Council.

22. In the light of the above provisions, Option 1 would require a decision by Council recommending the specified change to the Instrument to the Assembly for approval, followed by their

adoption by the Trustee and Implementing Agencies. If the Council favors option 1, it would make a recommendation to this effect for action by the forthcoming Assembly meeting. If the Assembly accepts the recommendation and makes the associated decision, a future Council meeting would need to decide on related amendments to the Rules of Procedure.

23. If the Council favors option 2, it would approve the necessary amendments to the Rules of Procedure, without any action being needed on the part of the Assembly.

24. If the Council favors option 3, it could let stand or reiterate the earlier Council's decision approving the M & E policy. Should specific issues arise in the future, future decisions could address these issues. This approach does not require action on the part of the Assembly and is without any decision being needed by the Council to amend the Rules of Procedure.