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Agenda Item 9

FOUR-YEAR WORK PROGRAM AND FY08 BUDGET OF THE GEF EVALUATION OFFICE

(Prepared by the GEF Evaluation Office)

Recommended Council Decision

The Council, having reviewed document GEF/ME/C.31/7 “*Four-Year Work Program and FY08 Budget of the GEF Evaluation Office*” approves the proposed principles underlying the work program for the next four years, and in particular the principle that OPS4 will be managed and implemented by the Evaluation Office, except for case studies where this would pose a conflict of interest. Council notices that the revised budget includes funding for preparing OPS4 and an increased number of Country Portfolio Evaluations. Council approves a revised and integrated budget of \$3,793,366 for FY08 to cover the cost of operating the GEF Evaluation Office and implementing its work plan.

Regarding FY09 through FY10, Council takes note of the proposed work program and activities and requests the Office to prepare annual budgets for Council consideration and approval in each of its June meetings.

The Office will also prepare for Council consideration a detailed proposal and budget for the RAF mid-term evaluation at its November 2007 meeting.

Table of Contents

Implementation of GEF M&E Policy.....	1
The Evaluation Office in GEF4: Work Program for FY07-FY10.....	2
OPS4 Proposal.....	3
RAF Review – Special Initiative (FY08-09)	5
Budget for FY07-FY10	6
FY08 Work Plan and Budget	8
Evaluation Program.....	10
Oversight.....	13
Other Topics.....	13
Annex 1: Achievements in FY07 and Expenditures.....	15

EXECUTIVE SUMMARY

1. The GEF has achieved international standards in monitoring and evaluation *on paper*, through its GEF M&E policy and guidelines on various issues. The challenge is now to also upgrade evaluation *practice* to international standards, especially through achieving sufficient evaluation coverage of strategies, policies and programs and sufficient depth of evaluations, to be able to report on what is happening on the ground and which results are being achieved.
2. For this purpose, the GEF Evaluation Office presents an ambitious work plan for GEF-4, which includes the incorporation of OPS4 in its regular work plan, as well as an increased effort in Country Portfolio Evaluations, while continuing the on-going work on impact, thematic and cross-cutting evaluations as well as the Annual Performance Report and knowledge sharing activities to disseminate good practices.
3. Incorporating OPS4 into the regular work plan is possible by preventing conflicts of interest through outsourcing several case studies, while the Office would manage the overall process, ensure incorporation of full reporting on results, and synthesize findings into the end report. Integrating OPS4 into the regular budget will lead to potential overall savings for GEF-4 of \$1.4 million on overall costs for independent evaluation.
4. Integrating OPS4 into the general budget enables an increase of the Office's annual budgets in GEF-4. The costs for OPS4 are spread out over the remaining three years of GEF-4 and thus allow for a revised budget for fiscal year 2008 of US\$ 3,793,365. Council is requested to approve this budget.
5. This revised budget will eliminate the need for special initiatives, with the ad hoc and exceptional mid-term evaluation of the Resource Allocation Framework as the remaining exception. Furthermore, it allows for an increase of the number of Country Portfolio Evaluations from 2 to 4. In this way a reasonable coverage can be achieved of the actual practice of implementation of the GEF in recipient countries, particularly in Africa in fiscal year 2008.
6. The higher number of evaluations and products will not lead to overburdening the GEF Council and its agenda with evaluation reports. It is proposed that the upcoming four Country Portfolio Evaluations in Africa will be presented to Council in one report. Furthermore, on impact work another annual report is proposed, which will incorporate all on-going and finalized work on impact in the Office.
7. Concrete deliverables in fiscal year 2008 will be the Annual Performance Report, the impact evaluation in East Africa, the joint evaluation (together with UNDP's evaluation office) of the Small Grants Programme, the evaluations of Capacity Development and the Catalytic Role of the GEF, as well as a report on the four Country Portfolio Evaluations.

IMPLEMENTATION OF THE GEF M&E POLICY

1. In 2003 the Council turned the M&E unit of the GEF Secretariat into an independent office, with terms of reference both for the office and its director, charging these to bring monitoring and evaluation in the GEF up to the highest international standards. This ambitious goal is now within reach.
2. **On paper**, in policies and guidelines, the work is almost finished. With the approval of the GEF M&E policy in February 2006 and the introduction of various guidelines, the GEF Evaluation Office and monitoring and evaluation in the GEF have reached the highest international standards. This has been recognized in the Global Accountability Report 2006, published by the One World Trust organization, where the GEF scored 98 out of 100 points for evaluation capacity, and the GEF M&E policy was highlighted as best international practice.
3. The challenge for the GEF Evaluation Office is now to also bring the **actual practice** of monitoring and evaluation in the GEF up to the highest international standards. This challenge involves reaching an acceptable level of coverage of evaluation subjects in the GEF (of major issues, processes, strategies, programs and portfolios). Furthermore, the focus of evaluation must provide sufficient depth of scope to ensure that the evaluation findings are valid and credible. This is mainly an issue of ensuring sufficient field level involvement of evaluation teams, so that they can observe and measure what is happening on the ground and move beyond the paper trail of interventions. Lastly, the methodologies to collect and analyze data must be up to international standards. Some of these methodologies come with prize tags attached, in the sense of requiring extra data collection or extra time for analysis.
4. The actual practice of the GEF Evaluation Office can already be considered to be of relatively high standard in various areas. The focal area program studies of 2003-2004 were judged to be sound and highly informative about the results of the GEF by the team of the Third Overall Performance Study. The various thematic and cross-cutting evaluations have been generally appreciated, and the work on the Annual Performance Report has been considered to be very informative by Council. At the same time some Council members have expressed concern over the depth of the work, especially on the need for the Evaluation Office to keep in contact with the field level and not base its work solely on synthetic work, desk studies, literature reviews, surveys and interviews.
5. Two new areas of work have opened up meanwhile. The Country Portfolio Evaluations have emerged as a valid and credible way of evaluating the interactions of the GEF at the country level. This perspective has become increasingly relevant to the requirements of the Resource Allocation Framework. Secondly, the Office is now undertaking impact evaluations, on which a first report will be presented to Council in November 2007. On both of these, the Office is ready to consolidate experiences and move towards establishing these within the work plan on the highest internationally acceptable standards.

THE EVALUATION OFFICE IN GEF4: WORK PROGRAM FOR FY07–FY10

6. The old core budget of the GEF Evaluation Office is not commensurate with the level and depth of evaluations necessary for GEF-4. For FY07 this problem was solved by funding the necessary extra evaluations and activities as “special initiatives”. While agreeing to this, Council also asked for proposals of the Office to reformulate the budget so as to incorporate the special initiatives. Furthermore, the possibility to include the costs for OPS4 into the regular budget was discussed as well, both in June 2006 and December 2006. Council asked the Office to specifically look at “conflict of interest” issues and to bring more specific proposals to the June 2007 meeting. Lastly, Council asked the Office to provide prioritization of evaluations, so that decisions could be taken if necessary to delete certain evaluations from the work plan. This work plan and budget for Fiscal Year 2008 contains proposals on all of these issues.

7. This four year rolling work plan and budget presents a new vision of the implementation of evaluations in a replenishment period, integrating OPS4 into the regular work plan and consolidating the coverage, focus and depth of evaluations to acceptable international standards. At the same time, it is recognized that the Council should not be overburdened with evaluation reports. For this reason the work plan also contains proposals on how to minimize the burden on the Council agenda through increased emphasis on reporting on “streams” of evaluative evidence that are gathered through the evaluations undertaken. This will be especially relevant to the Country Portfolio Evaluations, evaluative evidence on impact and the on-going work for the Annual Performance Report, leading to the matrix of agency performance. Lastly, OPS4 will gather all evaluative evidence on GEF4 and the results of previous replenishment periods in a synthetic overview to be delivered by December 2009.

8. This leads to the following proposed structure for evaluative work over a four-year replenishment period.

Activity	Year 1	Year 2	Year 3	Year 4
Country Portfolio Evaluations	4	4	2	2
Impact evaluations	On-going	On-going	On-going	On-going
Process evaluations	2	2	0	0
Cross-cutting evaluations	2	2	0	0
Focal area evaluations, leading to OPS	0	Start-up	6 focal area evaluations	Synthesis work to produce OPS4
APR	On-going	On-going	On-going	On-going
Special requests	possible	Possible	possible	Preferably not

9. Three elements of this overview require special attention. First of all, it is an idealized representation which is not reflective of the current situation but could be applicable in future replenishment cycles. Fiscal year 2007, which ends on 30 June 2007, is “Year 1” but had 2

instead of 4 country portfolio evaluations. This is the second issue: this work plan proposes to increase the total number of country portfolio evaluations in order to provide a better coverage of GEF country relations, in particular in a diverse continent as Africa. Thirdly, OPS4 funding is fully integrated into the annual budget in this overview.

10. This restructured work plan would lead to **less and more streamlined** evaluation products to be discussed in Council. It is proposed that there would be three annual reports:

- The Annual Performance Report, to be presented in the June session of Council;
- The Country Portfolio Evaluation Report, in which the findings of all CPEs over the fiscal year are synthesized, to be presented in June;
- The Impact Report, in which findings from impact work is synthesized, to be presented in the November/December session.

11. The Focal Area evaluations will not be presented separately to Council, but will be included and synthesized in the Fourth Overall Performance Study. Another important input to OPS4 would be an update of the Evaluation of the GEF Activity Cycle and Modalities that take into account the changes introduced by the implementation of the RAF. Cross-cutting and thematic studies, as well as process evaluations, will be presented to Council, like the evaluations of the GEF Activity Cycle and Modalities, as well as the Biosafety Evaluation, have been in the past. Of these, the following evaluations can be expected in the next three years, until the end of GEF4:

- Capacity Development
- The Catalytic Role of the GEF
- The Evaluation of the Small Grants Programme
- Evaluation of partnership and umbrella type projects.

12. Of these, the SGP and the capacity development evaluations will be presented in November 2007, and the evaluations of the catalytic role of the GEF in June 2008, and the evaluation of partnerships and umbrella projects in June 2009.

OPS4 Proposal

13. OPS4 will be the fifth overall independent evaluation of the GEF (the previous ones took place in 1993 for the Pilot Phase, OPS1 in 1997, OPS2 in 2001 and OPS3 in 2005). OPS4 will need to be completed in FY10, by December 2009, so its findings, conclusions and recommendations can be incorporated into the discussion and negotiations on GEF5, scheduled to start in July 2010. The Evaluation Office has offered in several reports to Council justifications why OPS4 should be managed and implemented within the Office, except for case studies which would pose conflicts of interest. Council in December 2006 agreed to “defer a decision on the

process for preparing OPS4 until its next meeting in June 2007.” At that meeting, while many Council members expressed confidence in the capability of the Evaluation Office to independently undertake OPS4, more information was asked about potential conflict of interest, the potentially weakened perception of independence outside the GEF and the impact that implementing OPS4 would have on the regular activities of the Evaluation Office.

14. The following table presents a plan of action that takes into account Council members comments. In particular, this proposed plan provides an overview of issues that should be evaluated by experts from outside the Evaluation Office, to minimize conflicts of interest. Three categories fall in this category: 1) an assessment of stakeholders perceptions; 2) case study evaluations of the governance of the GEF, the Trustee, and the GEF Focal Points; and 3) the evaluation of the GEF M&E system. In addition, the Office proposes to set up a quality assurance mechanism (through the appointment by Council of quality assurance advisors).

Table 1: Proposed plan of action for OPS4

What	Who	How	When
Results: - relevance - impact and - effectiveness	GEF Evaluation Office	- Focal areas evaluations, and cross-cutting - synthesis for OPS4	Starting in January 2008 through December 2009
Performance - efficiency	GEF Evaluation Office	- APR, Focal areas evaluations, and process evaluations - synthesis for OPS4	On-going Synthesis July-Sept. 2009
Stakeholders perceptions	Independent consultant firm, specializing in stakeholder consultations GEFEO support	Tender	January – Sept. 2009
Specific case studies: - governance, - Trustee and - GEF Focal Points	Independent experts GEFEO support	Case studies to be tendered	January – Sept. 2009
GEF M&E System	Independent consultant firm or professional peer review	Tender or peer review mechanism	January – Sept. 2009
Quality Assurance of OPS4	Quality Assurance Advisors	To be proposed by GEF Evaluation Office and to be appointed by Council	January – Sept. 2009

15. The following table presents an initial estimate of the possible cost of OPS4 when integrated into the Office’s budget. This table does not include the cost of all other activities conducted by the Office which are inputs to OPS4, such as the Country Portfolio Evaluations and the Focal Area evaluations. The costs of all of these, including the special activities for OPS4, can be met in the revised budget proposed for the Evaluation Office for FY2008, which would then follow regular increases of 3% to account for inflation. The cost of OPS3 was circa \$ 2.3 million.

Table 3. Preliminary estimate for OPS4 costs, integrated in the Evaluation Office's regular Budget (FY09-FY10)

Activity	Estimated cost	Who would do it?
<u>Special Activities for OPS4</u>		
Terms of Reference	\$15,000	GEFEO
Synthesis of evaluation evidence from outside GEFEO	\$35,000	GEFEO
Synthesis of GEFEO work/results	\$40,000	GEFEO
Synthesis of GEFEO work/efficiency	\$40,000	GEFEO
Stakeholder perception	\$500,000	International experts/firm
Study of GEF governance	\$55,000	International experts/firm
Study of Trustee	\$50,000	International experts/firm
Study of GEF Focal Points	\$80,000	International experts/firm
Study of GEF M&E System	\$100,000	International experts/firm
OPS4 Quality Assurance Advisors	\$75,000	International experts
Printing/publishing/translation	\$150,000	GEFEO/outsourced
Follow-up	\$50,000	GEFEO
Subtotal	\$1,190,000	

RAF Review – Special Initiative (FY08 – FY09)

16. In September 2005, the Council adopted the Resource Allocation Framework (RAF), as a new system for allocating GEF resources to recipient countries in the biodiversity and climate change focal areas during GEF4. Council also requested the Evaluation Office to undertake an independent 'mid-term evaluation' of the RAF after two years of implementation. This evaluation will be done as special initiative, recognizing the unique and ad-hoc nature of this mid-term evaluation. The RAF went into force on July 1 2006, so the mid-term point is July 2008. The report should be presented to Council at its November or December 2008 meeting.

17. This mid-term evaluation has received much attention both from donors and from recipient countries. Over the last year the Evaluation Office has received many comments and recommendations on what should be included in the mid-term review. Issues that were identified are:

- how global environmental indexes and allocations were determined;
- what process are used to establish and agree on country priorities;
- information and guidelines on RAF implementation;
- whether the RAF is biased against countries which need capacity development;
- whether the RAF is biased against countries with marine resources versus land resources;
- impacts on the way the GEF operates, especially with regards to the role of the GEF Agencies.

18. The Council also has provided some initial guidance on the content of the evaluation primarily on the different experiences of the implementation of RAF among different stakeholders.

19. Projects under RAF have not been approved yet (the first work program will be sent to Council for review and approval in June 2007). Therefore, the evaluation will be primarily a process evaluation, looking at how the RAF started implementation and what type of impacts it has had on the entire GEF system. In addition, the evaluation will have a very extensive consultation process, to receive opinions from the different stakeholders on how the RAF has improved or changed the way they operate with the GEF. No impacts on the global environment should be expected.

20. During the first quarter of FY08 (July – October, 2007) the Evaluation Office will conduct a consultation process to receive feedback to develop the terms of reference. These TORs will be presented to Council, together with a detailed budget, for review and approval at its November 2007 meeting. The cost of this step will be covered by the Office's regular budget. For cost-saving purposes, the Evaluation Office will coordinate with the GEF Country Support Programme to participate in country and regional consultations and constituency meetings around the world (i.e., Colombia, Uzbekistan, Pacific, etc.). In addition, the Office will organize meetings to discuss the RAF during missions of Office staff during that period.

Budget for FY07 – FY10

21. Following Council's request in June 2006, the Evaluation Office presents a consolidated budget which takes away the need to use "special initiatives", reserving this funding outside of the regular budget only for the mid-term evaluation of the Resource Allocation Framework.

22. The Office's budget is determined and based on the following principles:

- It is an activity based budget, determined by the work program necessary to achieve the Office's objectives and proposed outputs, in particularly the preparation of OPS4;
- It is discussed and approved by Council;
- It assumes at least a 3% inflation rate annual increase;
- As requested by Council the proposed budget minimizes the use of special initiatives;
- It is based on international standards and follows World Bank procedures;
- Incorporates additional staff;
- Provides enough room for supporting additional requests by Council for special evaluations and assessments;
- Proposes to integrate the cost of OPS4 within the Office's regular budget.

23. Table 4 below presents the logic behind the estimation of the Evaluation Office's budget for GEF4. The following paragraphs further explain the table and make reference to the rows in the table.

24. The budget for fiscal year 2007 of the Evaluation Office, approved by Council in June 2006, was \$ 2,906,634 (A). Furthermore, the Council approved special initiatives of the

Evaluation Office, which increased the total amount available for FY07 to \$3,424,783 (B). Of this amount, the SGP evaluation, the evaluation of the Experience of the Executing Agencies, the contribution of the Office to the Assembly and the support to the preparation of the International Workshop on evaluation and climate change should have been a regular part of the budget. The amount available for regular activities in FY07 was thus \$3,316,634 (C).

25. Integrating activities for OPS4 into the regular budget, increasing the number of Country Portfolio Evaluations to 4, adjusting the staff complement to one additional senior evaluator and one additional support staff and maintaining the investment in impact evaluations and thematic and process oriented evaluations, as well as the Annual Performance Report, leads to a proposed budget for fiscal year 2008 of \$3,793,365 (G). The proposed FY08 budget, as the new base, would allow the Evaluation Office to fulfill its regular work plan in the coming years, including OPS4, to be presented in fiscal year 2010, with an annual increase of 3%. Furthermore, no requests for special initiatives will be made for the remainder of GEF4, except for the mid-term evaluation of the Resource Allocation Framework. Calculations based on a 3% inflation rate would lead to total projected costs for GEF4 of about \$15,041 million (H). If Council would prefer to outsource OPS4 and fund it as a special initiative (E), calculations based on the same inflation rate show that the total projected costs in GEF4 would amount to \$16,425 million (F). Integrating OPS4 into the regular work plan and budget of the Evaluation Office thus leads to potential savings of about \$1.4m (I).

Table 4 – Overview of budgets and projected costs

A	EO Council approved budget FY07, first year in GEF4	\$2,906,634
B	EO budget including Council approved special initiatives FY07	\$3,424,783
C	Re-integrated EO budget FY07 (exclusion of the OPS3 overrun special initiative, actual FY07 baseline for GEF4):	\$3,316,634
D	Projected EO costs in GEF4 (annual 3% inflation increase from FY07 EO budget, C)	\$13,875,560
E	OPS4 inflation corrected costs (annual 3% inflation increase from OPS3)	\$2,550,046
F	Total costs for EO in GEF4 (D+E) with OPS4 by outside firm	\$16,425,606
G	Proposed budget for FY08 ¹	\$3,793,365
H	Projected GEFEEO costs in GEF4 (sum of the re-integrated FY07 (C), proposed FY08 (G), plus 3% annual inflation for FY09 and FY10): OPS4 integrated in GEFEEO cost	\$15,041,549
I	Savings H - F in four years between OPS4 done by outside firm and fully integrated into GEF EO	\$1,384,057

26. The proposed level of activities and funding is not only commensurate with the envisaged role of independent evaluation in GEF4, it is also comparable to the levels of funding of the

¹ See next section for discussion on FY07 budget and work program

independent evaluation offices in the regional Banks and the World Bank Group, as well as in IFAD and UNDP.² Of these offices, the GEF Evaluation Office would have the lowest operational budget and the lowest level of staffing. Furthermore, it is commensurate with the increased level of commitments in the GEF, the number of projects, the number of countries in which the GEF is active, and the increased level of disbursements.

27. In the first Four-Year Rolling Work Plan and Annual Budget presented to the Council in June 2005, a gradual increase in funding was proposed over the years to raise the Evaluation Office to an acceptable international level. This calculation led to an eventual level of funding of the annual budget of \$4.2 million in fiscal year 2010. Council asked the Evaluation Office at that time to reconsider this and show how efficiencies could be achieved. The current budget proposal, calculating with an inflation increase of 3%, leads to an annual budget in 2010 of slightly more than \$4 million, and thus achieves a considerable efficiency.

28. Table 5 presents the proposed overall budget for the Evaluation Office for the GEF4 period, FY07-10 estimated using the logic presented above. No approval is sought for this budget as budget provisions are made by Council on an annual basis.

Table 5. Estimated EO budget for GEF4

FY07 (actual)	FY08	FY09	FY10	Total
\$3,316,634	\$3,793,366	\$3,907,167	\$4,024,382	\$15,041,549

FY08: WORK PLAN AND BUDGET

29. In FY08 (July 2007 through June 2008), the Office will concentrate its work on completing two on-going evaluations, continuing with the country portfolio and impact evaluations, continuing also with the Annual Performance Report and preparing the terms of reference for evaluations of the GEF focal areas program, essential components of OPS4. In addition, the Office also will prepare and implement the evaluation of the mid-term implementation of the RAF.

30. Council is requested to approve \$3,793,366 as the budget for FY08. The following activities will be implemented and completed by the end of FY08. Table 6 shows the deliverables. Tables 7 and 8 provide a breakdown of the proposed expenses by activity and expense categories.

² Many UN agencies have under-funded and under-staffed evaluation offices, although efforts are underway to increase budget levels, staffing and independence, as witnessed in UNEP over the last two years. The UNEG Norms and Standards provide guidance for this process. FAO and UNIDO have made similar steps in recent years and more are to be expected.

Table 6. Major deliverables and activities for FY08 (July 1, 2007 – June 30, 2008)

	Time frame	Report deadline
Capacity Development Evaluation	January – October 2007	November 2007 Council
Impact Evaluation of 3 biodiversity protected areas projects in East Africa	January – October 2007	
RAF mid-term Evaluation: Terms of Reference	July – October 2007	
RAF mid-term Evaluation	January – October 2008	In FY09
4 Country Portfolio Evaluations in Africa	July 2007 – May 2008	June 2008 Council
Evaluation of the Catalytic Role of the GEF	January 2007 – May 2008	
Annual Performance Report	September 2007 – May 2008	
GEF Focal Areas: initial desk review	January– June 2008	N/A
New impact work	January 2008 – October 2008	In FY09
Evaluation of partnership and umbrella projects	April – June 2008	In FY09

Table 7. Proposed budget for FY08 for Council approval according to activities

	Activity	FY08 Budget
FIXED COSTS		
	Staff Costs	\$1,759,747
	Salaries and Benefits	\$1,744,747
	Training	\$15,000
	General Operations Costs	\$272,620
	Office Space, Equipment and Supplies	\$127,620
	Communications and Internal Computing	\$140,000
	Representation and Hospitality	\$5,000
VARIABLE COSTS		
	Evaluations	\$1,111,000
	Preparatory work for 6 Focal Area Evaluations	\$235,000
	Capacity building	\$51,000
	Catalytic Role	\$140,000
	4 Country Portfolio Evaluations	\$500,000
	Impact Evaluations	\$135,000
	Partnership/umbrella projects	\$ 50,000
	Oversight	\$210,000
	Program Indicators	\$20,000
	GEF Annual Performance Report	\$190,000

	Knowledge Management	\$ 150,000
	Management & Advisory Support	\$ 110,000
	Travel	\$ 60,000
	Advisors	\$ 50,000
	Publications, Media, Web	\$ 116,000
	Contingencies	\$ 64,000
	TOTAL	\$ 3,793,366

Table 8. Proposed budget for FY08 for Council approval according to type of expenses

	Expense Category	FY08 Budget
Staff Costs		\$ 2,109,747
	Salaries and Benefits	\$ 1,744,747
	Travel	\$ 350,000
	Training	\$ 15,000
Consultants		\$ 1,160,000
	Long-Term Fees	\$ 360,000
	Short-Term Fees	\$ 650,000
	Travel	\$ 150,000
Contractual Services		\$ 71,000
	Firms	\$ 71,000
Publications, Media, Web and external Outreach		\$ 116,000
	General Operations Costs	\$ 272,620
	Office Space, Equipment and Supplies	\$ 127,620
	Communications and Internal Computing	\$ 140,000
	Representation and Hospitality	\$ 5,000
Contingencies		\$ 64,000
	Total Expenses	\$ 3,793,366

Evaluation Program

Country Portfolio Evaluations

31. The number of country portfolio evaluations needs to be increased in order to reveal how the GEF is functioning at the country level. This has become increasingly important because of the Resource Allocation Framework. Continuing with 1 or 2 country portfolio evaluations per year will not really provide the Council with adequate information on how the GEF performs in the more than 150 countries that receive grants. However, it is also clear that an increased level of these evaluations needs to be guided by considerations on how to achieve optimum coverage, through an adequate and illustrative cover of GEF country relations.

32. In the RAF, 24 countries have an individual allocation of more than \$10 million in biodiversity, while 14 countries have the same in climate change. Furthermore, 20 countries have individual allocations both in biodiversity and climate change with a total amount of more than \$20 million. Countries with high levels of individual allocations should be well represented in the selection. Given the fact that overall 12 country portfolio evaluations are proposed per replenishment period, it should be possible to select 8 countries that have these high individual allocations. In two replenishment periods, this gives a coverage of 16 countries, which becomes illustrative of the performance of the GEF in countries with high levels of individual allocations.

33. The countries that do not have high levels of individual allocations or are members of a group are in the majority. Their experiences should not be overlooked but actively sought. Four Country Portfolio Evaluations per replenishment period could focus on these countries on the basis of an equitable distribution per geographical region and type of country (LDC, SIDS, land-locked, etc.). Here the challenge is to choose a country that could be illustrative for a certain kind of experience in the GEF, which could be confirmed elsewhere or allow for lessons learned to be applied. The Country Portfolio Evaluation in Samoa was a case in point.

34. Based on the above discussion, the Office proposed to allocate up to \$500,000 of its budget to conduct 4 country evaluations in Africa in FY08: **South Africa, Madagascar, Cameroon and Benin**. The proposed increase of number of countries in Africa³ are justified on the basis of the importance of Africa within the GEF and a recognition of the variety of experiences, environmental issues and levels of development in the continent. Council should be presented with types of experiences. For example, Benin could be representative of the West Africa experience and an African LDC, while the other three countries are major recipients of GEF4 resources (through the RAF). In the case of South Africa, synergies will be sought with the proposed evaluation of the UN involvement in that country. Cameroon provides an opportunity to observe the GEF in action in a country with a rich forest biodiversity. In the case of Madagascar the evaluation will also look at the findings of a recent evaluation of the World Bank's experiences in the environmental sector. East Africa was not considered since the on-going impact evaluation is looking at cross-border projects in Kenya, Uganda and Tanzania.

35. To increase the coverage of African countries the Office proposes to conduct two desk reviews of information coming from the Office's own past evaluations and from recent country program evaluations conducted by the GEF Agencies evaluation offices, where relevant for the GEF. One area of particular interest for the GEF right now will be experiences, lessons and evaluation evidence on sustainable management of forest, given the upcoming preparation of the GEF program on this issue.

36. The increase of the number of Country Portfolio Evaluations to achieve a better coverage, and the resulting focus on high receivers of GEF funding, means that another layer is added to the criteria for choosing countries that were presented to Council in December 2006, which guided the choice of The Philippines and Samoa. Through these criteria South Africa and Benin have emerged as candidates for Country Portfolio Evaluations. The two extra countries have been

³ Countries from North Africa will be included in the FY10 series within the Middle Eastern region.

chosen from the three highest recipients in Africa of individual RAF-allocations in either the biodiversity or climate change area: Madagascar, Tanzania and Cameroon. Of these, Tanzania is part of the on-going impact evaluation.

Impact Evaluation

37. After completing the first impact evaluation for three protected areas in East Africa the Office will evaluate the impacts of a series of projects dealing with the control of substances depleting the ozone layer in Eastern Europe and Central Asia. Most of the GEF investments in this focal area have been completed and can be assessed for their long term impacts. Previous evaluations have concluded that most of these investments have achieved their objectives. The evaluation will focus on whether outcomes have been sustained and impact has been achieved.

On-going thematic evaluations

38. The evaluations of capacity development activities and the catalytic role of the GEF will be completed during FY08. The achievements so far are presented in Annex 1: Achievements in FY07.

Evaluation of the GEF Small Grant Programme

39. The Joint Evaluation of the GEF Small Grants Program (SGP) is on track to deliver a report to the GEF council at its session in November 2007. This evaluation, jointly undertaken by the Evaluation Offices of the GEF and UNDP, has carried out a portfolio review that provides an overview of SGP activities, 12 country studies that include country field work and 10 country desk studies some of which have included brief country visits are well in their way and to be completed by late June. Field and desk studies also include the assessment of results and process of a sample of 246 grants. A preliminary assessment of the costs of managing the SPG has been prepared as an information document for the Council meeting in June 2007. In the following months the evaluation will analyze the information provided by case studies, desk reviews, as well as the SGP M&E system. While assessing cost-effectiveness of the SGP the evaluation will also examine other forms by which GEF provides direct funding to NGOs and community organizations.

TORs for the Mid-term Evaluation of the RAF

40. As discussed previously in more detailed, the Evaluation Office will develop terms of reference for the mid-term evaluation of the RAF for Council review and approval at its November 2007 meeting. The Office then will begin the evaluation with the final report expected to be presented to Council at its November 2008 meeting.

Evaluations of GEF Focal Areas

41. The process for the evaluation of the 6 GEF focal areas will start during the second quarter of 2008 when the Office will develop the terms of reference, in consultation with all

relevant GEF stakeholders, identify and contract lead consultants as well as support technical teams and begin conducting the desk reviews. The proposed budget reflects the implementation of the evaluation (initial costs requested for FY08 with main expenditures in FY09) as well as the methodology: combination of desk reviews, field visits and full recognition of potential cost-savings/synergies between focal areas evaluations and other evaluations proposed by the Office.

Partnerships/Umbrella projects

42. The Evaluation Office will explore the feasibility of conducting an evaluation of a particular set of GEF modalities of projects that have been used for a few years without a full understanding or assessment of their relevance, efficiency and effectiveness to the GEF. The initial focus will be on regional and global projects.

Oversight

Annual Performance Report (APR)

43. The 2007 APR will be prepared for the June 2008 Council meeting. The APR will continue to report on issues such as accomplishments of results, including verified ratings of project outcomes and project sustainability, process and factors that affect attainment of these results, and progress on implementation of Council decisions. The next APR will include for the first time the GEF Agency Performance Matrix. The matrix presents the Evaluation Office's response to the Council request, covering 15 performance parameters, describing the current status of indicators and tools, and a summary of information sources and frequency of reporting in five major areas: Results, Processes affecting Results, Efficiency, Quality of M&E and Learning. This matrix was discussed at the Interagency meeting of February 2007, and comments and suggestions from Implementing and Executing Agencies and GEFSEC have been incorporated into the present version. It should be noted that some of the measurement instruments have been developed in the context of the ongoing Annual Performance Report process, while some others are to be developed for future reports. Another new feature to be introduced in the 2007 APR is a proposal to begin verification of ratings and terminal evaluations quality through field visits to countries and projects. A proposal on how to implement this will be prepared by the Office and discussed with GEF stakeholders during the year.

Program Indicators

44. In FY08, the Office will support the GEF in the development of indicators for a new area of GEF support: adaptation to climate change impacts. The GEF is providing support through its regular projects but also through projects prepared and financed from the special funds for adaptation that the GEF manages. The Office proposes to participate in the task force of adaptation to work with this group in the identification of appropriate indicators to measure progress with these investments. Furthermore, the Office proposes to review all approved GEF projects dealing with adaptation to climate change to survey the type of indicators proposed.

OTHER TOPICS

Knowledge Sharing

45. The **knowledge sharing** strategy for the Office emphasizes its role in contributing independent and evaluative evidence to the GEF repositories of knowledge. The Office has embedded its strategy for knowledge sharing and feedback in the GEF Policy on Monitoring and Evaluation. The Office will further implement this strategy in FY08. In addition to publishing all major evaluations and disseminating them extensively throughout the GEF system, the Office will continue to participate in the GEF Country Support Program regional meetings. Furthermore, the Office has hired an Evaluation Officer who will dedicate half of her time to knowledge management responsibilities.

International Workshop on Evaluation of Climate Change and Development

46. The preparations for the international workshop are taking up speed, as the dates have been set for early February 2008. The Council's generous start-up contribution has been followed by voluntary contributions from Switzerland, Norway and Denmark, as well as indications of in-kind support from France and the International Development Research Centre in Canada. Other donors are still considering how they can contribute. The focus of the workshop will be on the evaluation of mitigation and adaptation in climate change, with special attention of how these fit into development efforts of the recipient countries.

Human Resources

47. The new budget shifts some work from external consultants to internal ones. The largest savings over the four years are actually achieved by cutting down costs for external consultants for OPS4 as compared to OPS3. Rather than having both an internal and external OPS team, as was the case for OPS3, OPS4 will only have an internal team, which will also manage the outsourced parts of OPS4. With one additional senior evaluator, which would actually be a replacement for the Lead Evaluator who retired in 2006, the Evaluation Office will be able to assemble the team needed to undertake the increased number of evaluations as well as OPS4. Furthermore, one additional support staff is needed to keep pace with the increased level of work.

ANNEX 1. ACHIEVEMENTS IN FY07 AND EXPENDITURES

1. This section complements the Progress Report prepared and delivered to the December 2006 Council which included an update on the Office's activities through the middle of the fiscal year.

Evaluation Program

2. During FY07, the Office completed several major evaluations. The Joint Evaluation of the GEF Project Cycle and Modalities and the Evaluation of the Experience of Executing Agencies were completed and presented to Council at its December 2006 meeting. In addition, the process evaluation on the practices of incremental cost assessments was also completed and presented to Council. The two country portfolio evaluations scheduled to be completed during this fiscal year, the Philippines and Samoa, are presented to Council during the June 2007 meeting.

3. Work on the evaluation of the **Catalytic Role of the GEF** was started during FY07. An approach paper has been shared with internal and external evaluation partners. A preliminary review of the policy framework provided insufficient detail to develop an appropriate evaluation framework. The evaluation team is therefore in the process of systematically mapping strategies and patterns related to the catalytic role emerging from terminal evaluations, as well as from GEF projects documents. This review will yield catalytic logical framework for the three main GEF Focal Areas, which will be used both to develop the evaluation conceptual framework and to select projects for future case studies. Early field work has also been conducted for a select case study on the catalytic nature of payments for environment services in Latin-American countries. Components of the evaluation include: (a) a comparative study on catalytic frameworks used by other organizations and their lessons learned; (b) field study to analyze different local circumstances; and (b) studies to explore approaches to *measurement* of catalytic effects.

4. The evaluation on the **Capacity Development Activities** of the GEF began in November 2006 and is currently ongoing. The evaluation started by identifying a sub-region, South East Asia, which has received a broad range of GEF-supported capacity development activities, from regional to SGP projects. The Philippines and Vietnam were selected to provide a comparative perspective of achievements in similar environmental situations. The Philippines was selected to coordinate with the Country Portfolio Evaluation and the SGP Evaluation, to enable sharing of local consultants and possibly supervision missions, to reduce costs and maximize the utility of the evaluation outputs. An evaluation team was formed composed of two evaluation officers and two junior consultants from the Evaluation Office, one senior international consultant plus local consultants in both the Philippines and Vietnam. The evaluation team has completed two literature reviews and project reviews of the portfolios in the Philippines and Vietnam. Site visits and interviews with relevant stakeholders have been conducted in both countries. Workshops to present findings and recommendations to stakeholders are planned for May and August. The evaluation will be submitted to the Council in November 2007.

5. The first **Impact Evaluation** is being conducted in three Protected Area projects in East Africa. These are: Bwindi Impenetrable and Mgahinga Gorilla National Parks in Uganda; Lewa Wildlife Conservancy in Kenya and the Reducing Biodiversity Loss at Cross-Border Sites in East Africa Project, all of which were completed several years ago. After a preparatory desk review assessing different approaches to impact evaluation within the biodiversity sector, a first workshop with the selected regional consultants was held in Nairobi in February 2007. This produced an overall approach to the evaluation. This has led to an identification of the assumptions behind the projects on how they would achieve change, which were further elaborated during a second workshop. Additional work is now undertaken to assess if and how impacts were generated and what the contribution of the projects to these impacts was. A third workshop will be held in Kenya in late July to assemble the evidence gathered for the three projects. The evaluation report will be presented to the GEF Council in November. Furthermore, additional impact work is undertaken in collaboration with UNEP and STAP and will be reported on in due course, in the new annual impact report that will be established in the coming years.

6. The exploration of the possibility of an evaluation of **the role of science in the GEF** took place against a background of on-going change. Almost all of the issues that emerged from an assessment undertaken in the last months of 2006 became irrelevant as new proposals were developed for the STAP roster, STAP's role and function, and STAP's composition. Furthermore, the development of new strategies for the Focal Areas also meant that the role of science in these strategies would have to be looked at again in future. Given these circumstances, the Evaluation Office proposes to keep the exploratory study as input for the upcoming focal area evaluations, rather than to prepare a proposal to Council for an evaluation of the role of science.

Oversight Functions

7. The proposed outcomes from the oversight program were fully achieved. The **Annual Performance Report** (APR) was completed and is presented to Council at the June 2007 meeting. One important addition to the APR is a proposal for the GEF Agency Performance Matrix. The GEF4 negotiation process requested the Evaluation Office to prepare a performance matrix for the November 2008 Council. The Office requests the Council to review and comment on this proposal so a first Matrix can be provided to Council in November.

8. On **indicator development**, the Evaluation Office was mainly involved in the international waters focal area to support further development of indicators for nutrient pollution control. The Evaluation Office contributed several papers on methodology to an international meeting in Chisinau, Moldova, from 3-6 October. One of the purposes of the meeting was to assess the extent to which "good agricultural practices" could be used as proxies for agricultural nutrients reduction and to explore realistic ways by which GEF International Waters projects could measure environmental results.

Knowledge sharing

9. There were several areas in which the Office progressed significantly regarding its Knowledge Sharing program, in particular through conducting a side event at the GEF Assembly,

participating in sub-regional workshops sponsored by the GEF Country Support Program, and the dissemination of major evaluations such as the Local Benefits Study, the Joint Evaluation of the GEF Activity Cycle and Modalities plus three other evaluations. To enhance knowledge sharing through targeted dissemination the Office has developed a contact database with almost 1,000 contacts. Signposts, the Office's communication tool which summarize major evaluations, are being prepared for all recently published evaluations. In addition, together with the Secretariat, the Office has developed and launched a new website. The website is more interactive with a search engine and improved access to the GEF project database. The site is still being developed and efforts have already started to enhance the Evaluation Office's pages.

Budget and expenditures

10. The table below provides an overview of the expenses incurred by the GEF Evaluation Office during the FY 2007 under the regular budget approved by Council, comparing the approved budget with actual expenses. In addition, the actual expenses for FY06 are also presented since in last year's report the Office could only do an estimate.

Table 6: GEF Evaluation Office budget and expenditures for FY06

FY06 Actuals	Expense Category	FY07 Budget	FY07 Estimated as of June 30, 2007
\$ 1,649,835	Staff Costs	\$ 1,624,134	\$ 1,774,240
\$ 1,514,391	Salaries and Benefits	\$ 1,549,134	\$ 1,510,949
\$ 127,944	Travel	\$ 60,000	\$ 248,291
\$ 7,500	Training	\$ 15,000	\$ 15,000
\$ 648,659	Consultant Costs	\$ 772,500	\$ 696,861
\$ 253,428	Long-Term Fees	\$ 160,000	\$ 256,616
\$ 333,776	Short-Term Fees	\$ 420,000	\$ 390,929
\$ 61,455	Travel	\$ 192,500	\$ 49,316
	Contractual Services	\$ 200,000	\$ 52,355
\$ 138,419	Firms	\$ 200,000	\$ 52,355
\$ 76,188	Publications, Media, Web and external Outreach	\$ 30,000	\$ 110,726
\$ 261,208	General Operations Costs	\$ 280,000	\$ 272,452
\$ 130,554	Office Space, Equipment and Supplies	\$ 135,000	\$ 122,038
\$ 111,772	Communications and Internal Computing	\$ 140,000	\$ 134,641
\$ 18,882	Representation and Hospitality	\$ 5,000	\$ 8,000
	Contingencies	\$ -	\$ 7,773
\$ 2,774,309	Total Expenses	\$ 2,906,634	\$ 2,906,634
	Special Initiatives		
---	GEFEO participation in 3rd Assembly	\$ 25,000	\$25,000
---	Evaluation of Executive Agencies	\$ 70,000	\$70,000
---	SGP Evaluation (includes SGP contribution)	\$ 400,000	\$245,031
---	International Workshop	\$ 25,000	\$25,000
\$57,509	Joint Evaluation	\$ 86,031	\$86,031
---	OPS3 overrun	\$ 108,149	\$108,149

11. Some explanations are necessary for the major variances. On staff travel, the amount budgeted was exceeded given that in FY07 the Office implemented three major evaluations in Asian countries, so the travel costs were much higher than anticipated (the Philippines, Vietnam and Samoa). At the same time, there were some savings on travel by consultants since most of the activities conducted by the Office used locally based consultants reducing the need for international travel. There was a lower need for contracting firms than anticipated since most of the contracts were done with individual consultants. Regarding publications, the Office had an unusual number of evaluations that were completed during this period.

Special Initiatives

12. During the last two years, the GEF Council has approved a number of Special Initiatives to be carried out by the Evaluation Office. Most of these Special Initiatives were completed during the FY 07 within the budgets approved by the GEF Council. The tables below show the way that the funds approved by the Council were used by the Evaluation Office. The Evaluation Office has a primary goal the efficient and effective use of the granted resources.

Evaluation of the Executing Agencies

<i>Expense Category</i>	<i>Approved Budget</i>	<i>Actual FY07</i>	<i>Balance</i>
<i>Evaluation of the Executing Agencies</i>	70,000		
Consultant Fees		50,640	
Consultant Travel		14,485	
Printing/Dissemination		4,875	
Workshop			
Total	70,000	70,000	0

International Workshop

<i>Expense Category</i>	<i>Approved Budget</i>	<i>Actual 07</i>	<i>Balance</i>
<i>International Workshop</i>	25,000		
Staff Travel		5,000	
Consultant Fees		17,000	
Consultant Travel		3,000	
Total	25,000	25,000	0

Participation of the GEF Evaluation Office in the 3rd GEF Assembly

<i>Expense Category</i>	<i>Approved Budget</i>	<i>Actual 07</i>	<i>Balance</i>
<i>GEF 3rd Assembly</i>	25,000		
Staff Travel		7,310	
Consultant Fees			
Consultant Travel		7,803	
Contingencies		9,887	
Workshop			
Total	25,000	25,000	0

Evaluation of the Small Grants Program

<i>Expense Category</i>	<i>Approved Budget</i>	<i>Actual (April 07)</i>	<i>Estimated (End of FY07)</i>	<i>Estimated FY08</i>	<i>Balance</i>
Evaluation of the Small Grants Program	400,000				
Staff Travel		24,457.07	20,000.00	10,000.00	
Consultant Fees		141,977.32	52,680.00	75,000.00	
Consultant Travel		4,968.86		10,000.00	
Contingencies					
Publications/Dissemination				30,000.00	
Workshop		947.68			
Council Approved	290,000.00				
From GEF SGP budget	110,000.00				
Total	400,000.00	172,350.93	72,680.00	125,000.00	29,969.07

Joint Evaluations of the Executing Agencies

<i>Expense Category</i>	<i>Approved Budget</i>	<i>Actuals FY06</i>	<i>Actuals FY07</i>	<i>Estimated FY08</i>	<i>Balance</i>
Joint Evaluation of the Executing Agencies	150,000				
Staff Travel		12,249	40,691		52,940
Consultant Fees		36,529	43,053		79,582
Consultant Travel		7,856	937		8,793
Printing/Dissemination				6,460	0
Workshop		875	1,350		2,225
Total	150,000	57,509	86,031	6,460	0

OPS3 Overrun

13. The OPS Evaluation was completed in 2005. Additional work, not included in the original TOR, was requested to ICF Consulting by GEF Council. The extension of the work increased the original OPS3 budget by close to \$216,000. At the June 2006 meeting, Council approved about half to be reimbursed, \$108,149. This amount was paid to ICF Consulting during FY07.

<i>Expense Category</i>	<i>Approved Budget</i>	<i>Actual FY06</i>	<i>Actual FY07</i>	<i>Balance</i>
OPS3	2,035,550			
OPS 3 Independent Team	1,064,550	1,212,644		
Other Consultants	176,000	176,000		
GEF Evaluation Office	250,000	242,451		
Regional Workshops	210,000	188,556		
Translation, Printing, Dissemination	150,000	138,993		
Contingencies	185,000	185,055		
OPS3 Overrun			108,149	
Total	2,035,550	2,143,699	108,149	0