

48th GEF Council Meeting
June 02 – 04, 2015
Washington, D.C.

**MANAGEMENT RESPONSE TO THE SEMI-ANNUAL EVALUATION
REPORT OF THE GEF INDEPENDENT EVALUATION OFFICE: JUNE 2015**

(Prepared by the GEF Secretariat)

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INTRODUCTION

1. The GEF Independent Evaluation Office has submitted for the first time a *Semi-Annual Evaluation Report* (SAER), document GEF/ME/C.48/02, as the main reporting format from the IEO at every Council meeting. The SAER reports on: (i) the Annual Performance Report 2014; (ii) the Joint GEF-UNDP Small Grants Programme Evaluation; and (iii) the Evaluation of the Accreditation Process for Expansion of the GEF Partnership.
2. This document, GEF/ME/C.48/03, prepared by the GEF Secretariat, in consultation appropriately with entities of the GEF partnership, is the management response to the SAER, and provides management's views regarding the conclusions, recommendations, and lessons learned from the three items covered by the SAER and includes more detailed comments also on the supporting detailed reports underlying the SAER (in this case on accreditation and the SGP).

ANNUAL PERFORMANCE REPORT 2014

3. The Secretariat is pleased to note that APR 2014 has rated projects strongly on outcomes, sustainability of outcomes, quality of implementation and execution, delivery of co-financing, and the quality of terminal evaluations, and that ratings have improved as the GEF has progressed through replenishment phases.
4. We also note the findings that projects are sometimes overly ambitious and that there is considerable scope for improvement in M&E design and intervention strategies.
5. We take note of the issues for the future identified in the APR: (i) for rating approaches on project outcomes and sustainability to be consistent across GEF Agencies and also within the same Agency over a period of time; (ii) to develop a consistent approach to report on programs and associated child projects; and (iii) to update the GEF M&E policy in GEF-6, following which GEFEO will revise the terminal evaluation guidelines. GEF's RBM Action Plan includes work to address point (ii).

JOINT GEF-UNDP SMALL GRANTS PROGRAMME EVALUATION

6. This is the management response to the *Final Report of the Joint GEF/UNDP Small Grants Programme Evaluation: Preparing for GEF-6*, prepared jointly by the GEF Independent Evaluation Office and the UNDP Independent Evaluation Office, prepared jointly by the GEF Secretariat and the UNDP-GEF unit in the Bureau for Policy and Programme Support.
7. The GEF Secretariat and UNDP would like to thank the GEF Independent Evaluation Office and the UNDP Independent Evaluation Office for conducting this evaluation in a transparent and cooperative fashion.
8. UNDP and the GEF Secretariat agree with many of the recommendations outlined in the evaluation report, some of which we have already begun implementing, as well as with some of the conclusions of the report.

Evaluation Conclusions

Conclusion 1: SGP continues to support communities with projects that are effective, efficient and relevant in achieving global environmental benefits while addressing livelihoods and poverty, as well as promoting gender equality and empowering women. Replication, scaling up and mainstreaming are happening.

9. UNDP and the GEF Secretariat appreciate the conclusion that the SGP has remained relevant, effective and efficient and will encourage the Programme to continue on this track. We are very encouraged to see that the Programme has remained highly relevant in terms of both addressing global environmental problems and supporting local communities in achieving co-benefits of sustainable livelihoods and inclusive development, and continues to have impact on the ground with communities across the globe.

10. Where feasible, the work of National Coordinators and National Steering Committee members on replication, scaling up and mainstreaming will be further encouraged by the SGP's Central Programme Management Team (CPMT) and the Upgrading Country Programme (UCP) coordination through, among other things, direct support for the formulation and use of strategic project funding. In addition, strengthened synergy of the Programme with GEF activities as well as other larger non-GEF projects and programmes of government and development agencies will be promoted, where feasible, to extend SGP lessons learned and best practice more widely and leverage greater impacts at the community level.

Conclusion 2: The introduction of upgrading and related policies contributed to the evolution of the SGP by setting out expectations for country programmes and their development over time. The new policies have resulted in increased resources for the SGP. However, they have also brought challenges. The current criteria for selecting countries for upgrading to Full-Sized Projects are not optimal.

11. We acknowledge this conclusion and will review the lessons learned and experience with management of the Upgrading Country Programme (UCP) project cycle to define improved upgrading criteria, project preparation processes and other elements for Council consideration in GEF-7.

Conclusion 3: As a global programme, acting nationally and locally, and being grassroots driven, the SGP must align to GEF, UNDP, national and local priorities. Within this context, the SGP has successfully remained coherent whilst being flexible. However, different perspectives and changing contexts create tensions. The global or long-term vision of the SGP has not been updated.

12. The SGP's strategic directions and vision have been discussed and presented in several recent Council papers. In particular, the GEF-6 Programming Directions paper for the replenishment negotiations includes a section on SGP, and a dedicated Council paper on "SGP Implementation Arrangements in GEF-6" was presented and approved by Council in May 2014, followed by the GEF-6 PIF submission for SGP in October 2014. These papers have laid out strategic directions of the SGP in alignment with the GEF-6 Vision 2020 and the UNDP Strategic Plan (2014 – 2018). At present, SGP is conducting Regional Workshops to provide its

Country Programme teams with clear guidance on these strategic directions for further onward sharing with various country stakeholders. The SGP Steering Committee will discuss these strategic directions in 2017 to lay out a clear vision for SGP in GEF-7 and beyond.

Conclusion 4: The SGP governance and management structures have been adequate, but are increasingly strained by an ever rapidly changing context. The GEF corporate nature of the SGP and the role and value added of UNDP as the GEF Agency are not clearly articulated.

13. While we acknowledge that written documentation and communication of the GEF corporate nature of SGP needs more work, it is widely accepted that the GEF SGP possesses characteristics setting it apart from standard GEF-financed projects. The GEF has funded SGP on a continuous basis for over 20 years as a civil society window for easy access at country level of local community organizations. Implementation of the SGP has enjoyed the support and technical assistance of many of the GEF Agencies, and SGP has supported GEF Agency Full-Size Projects in different locations around the world. Visits to SGP projects during Convention CoPs are a common occurrence to demonstrate the GEF's support to concrete activities on the ground. The SGP Country Programmes follow the SGP Operational Guidelines approved by GEF Council, and the Steering Committee for the SGP is chaired by the GEF Secretariat at the global level. Furthermore, there is special consideration for SGP in the GEF global core fund allotment and the Programme follows clear GEF corporate branding practices.

14. As the evaluation noted on page 57, paragraph 144, "UNDP adds significant value to the SGP". While perhaps not articulated formally in SGP or GEF documentation, a great deal of UNDP's value-added is provided through membership and participation of the UNDP RR/RC or delegated representative on the National Steering Committee in each of 128 Country Programmes, fiduciary supervision over grant making at country level and provision of technical support, use of UNDP facilities and equipment for meetings and events, promotion of lessons learned and best practice with Ministries and multilateral and bilateral donors, dissemination of knowledge products, and assistance with resource mobilization. UNDP has linked SGP Country Programmes with other environment and sustainable development projects and has supported upscaling of successful initiatives. For the Upgrading Country Programs, financed under the FSP modality, UNDP-GEF provides the services of an experienced Global Coordinator, who provides technical assistance, strategic advice and resource mobilization support. We acknowledge the need to further explore, detail and document the value-added of UNDP as the GEF Agency for a GEF corporate programme with the aim of further strengthening the synergies and complementarity between SGP and UNDP at both country and global levels. At the global level, it should be noted that the SGP is fully integrated into the Sustainable Development Cluster of the newly established UNDP Bureau for Programme and Policy Support (BPPS) and acknowledged as a valuable contributor to several outputs of the new Strategic Plan (2014-2018).

Conclusion 5: Despite important progress, M&E does not adequately support decision-making and remains too complex.

15. The list of indicators of SGP in past operational phases was aligned with the higher level impact and results framework developed for MSPs and FSPs rather than reflecting the demand-driven and community-based nature of the Programme. We appreciate the evaluation's recognition of the challenging nature of SGP, much more so now with the Programme's

increasing involvement in addressing issues such as poverty, gender, broader adoption and governance. It is also important to consider SGP's grassroots stakeholders and their monitoring capacities and the more complex and long-term process by which small grants and community-level efforts support the achievement of global environmental benefits. We agree that the GEF and SGP should continue to develop innovative and simpler-to-use M&E tools and systems that are better adapted to the needs and resources of SGP.

Evaluation Recommendations

To the GEF

Recommendation 1: The GEF should revitalize the SGP Steering Committee to support high-level strategic thinking in developing a long term vision for the SGP, to foster dialogue between UNDP and the GEF, and to advise the Council as appropriate on strategic decision making.

16. We support the recommendation of the evaluation report and have begun the process of revitalizing the SGP Steering Committee. New TORs have been discussed that clearly define the role of the Committee as a forum for clarification of the SGP's long-term vision as well as other strategic issues.

17. We concur that the SGP Steering Committee will oversee an updating of the SGP's corporate vision and long-term strategy. The SGP Steering Committee may organize, as needed, wider fora on key strategic issues to bring into the discussion other key stakeholders and partners. Inputs from these consultations will feed into the Committee's strategic guidance on SGP as well as to the preparation of Council papers, as appropriate.

To the GEF and UNDP

Recommendation 2: Continue upgrading, building on strengths while addressing the weaknesses identified. The criteria for selection of countries for upgrading should be revisited.

18. UNDP and CPMT, in consultation with the GEF Secretariat, will continue to refine operationalization of the upgrading policy. We welcome the four suggestions listed under this recommendation and will work with the GEF Secretariat to design and execute these recommended changes in GEF-7, in particular to ensure all around compliance with the SGP Operational Guidelines.

19. We agree with the recommendation that upgrading remains voluntary for LDCs and SIDS and that changes to the process for accessing STAR funds by non-upgraded countries through the global project should be clear and agreed.

To UNDP

Recommendation 3: Ensure that the SGP is implemented under a single, coherent global programme framework

20. We concur with the recommendation that the SGP Steering Committee oversee how the SGP could be implemented under a single, coherent global Programme framework. This process has already commenced with both the SGP non-upgraded and Upgrading Country Programmes supervised under a single unit in UNDP/GEF as of January 2014. The policy that Upgrading Country Programmes continue to follow the SGP Operational Guidelines has also been sustained. The SGP OP6 Regional Workshops for orienting Country Programmes on the strategic directions, priorities, expected outcomes and targets for GEF-6 include both non-upgraded and Upgrading Country Programmes. UNDP will send appropriate communications to UNDP Country Offices to strengthen synergies between SGP and UNDP programming at the country level while recognizing the specificities of SGP as a GEF ‘corporate programme’.

Recommendation 4: Continue efforts to improve M&E, designing more streamlined and useful M&E tools and activities that balance the need to measure with the need to provide support to local communities in tackling environmental issues.

21. CPMT, together with the UNDP-GEF global coordinator of the Upgrading Country Programmes, has held a series of technical meetings aimed at designing and instituting a more effective M&E system. Much progress has been made towards developing a more practical monitoring function adapted to the needs, resources and community focus of the SGP. A process of simplifying the Programme’s M&E functions by creating a nested system with appropriate indicators identified at global, country and grant project level is currently underway and will be finalized, after suitable testing and adaptation, by early 2016. Within OP6, M&E will be more impact-oriented, as well as contributing to adaptive management at different levels. More focused M&E resources and tools at community, country and global levels will be developed by CPMT and the UCP Global Coordination team.

22. SGP’s design for OP6, as articulated in the recently approved SGP OP6 PIF, builds on this framework with the aim of: (a) focusing SGP grant making around clear strategic initiatives based on country and global priorities and where strategic impact can be achieved, and (b) focusing SGP grant making within defined landscape and seascape areas, where baselines and indicators can be more appropriately selected and monitored to show impact over time, and (c) reducing the spread of SGP grant making from six focal areas spanning 10 immediate objectives to only four priority themes that promote multi-focal area strategies on the landscapes and seascapes selected in-country. CPMT management planning for OP6 includes adding an M&E specialist to the team to lead development and implementation of an improved M&E framework for the Programme. This will be done in close collaboration with the UNDP – GEF Results Management and Evaluation Advisor and UNDP’s Development Impact Group.

EVALUATION OF THE ACCREDITATION PROCESS FOR EXPANSION OF THE GEF PARTNERSHIP.

23. The Secretariat thanks the IEO for conducting a comprehensive evaluation of the pilot accreditation process, focusing on its design and implementation, in a relatively short period of time and finds the conclusions of the evaluation to be constructive and useful. The GEF accreditation process was designed and implemented as a pilot to “allow the GEF to gain experience with the accreditation of GEF Project Agencies and apply lessons learned to relevant

GEF policies and procedures¹” and therefore, it has been an exercise of “learning by doing” for all the stakeholders involved, including the Secretariat, the applicant agencies, the accreditation panel and the Council.

24. The Secretariat welcomes the overall finding that the implementation of the GEF accreditation process was satisfactory and that it has been designed and implemented transparently. We welcome the finding that the GEF Project Agencies that have gone through the accreditation process have gained from the process through improvements in their systems and standards.

25. The Secretariat also welcomes the finding that sufficient arrangements were in place to ensure that the accreditation panel is functionally and behaviorally independent, adding to the credibility of the process.

26. The Secretariat acknowledges that the implementation of the accreditation process has been slower than originally expected and agrees with the conclusion that the high standards set for applicants at the design stage and other design issues have led to unexpected delays, especially during Stage 2.

27. We agree that the main reason for slow progress of Stage 2 reviews was that there were severe gaps in the environmental and social safeguards policies and practices of applicants. We agree that, during implementation, the original design expectation that candidate agencies would already be in compliance with the most of the minimum GEF standards at the start of the accreditation process was found to be unrealistic. As the evaluation states, while their application for accreditation was under review, applicants often had to develop and adopt new policies, and develop requisite capacities, to be in compliance with the GEF requirements. We agree with the observation that some applicants had difficulty understanding the application questions related to the GEF’s environmental and social safeguards as their familiarity with these topics was limited. As a result, during Stage 2, there was considerable back and forth between the applicants and the accreditation panel, facilitated by the Secretariat, in an effort to ensure that applicants understood the requirements, and developed and put in place the necessary policies, procedures and guidelines to meet all of the GEF standards applicable to them.

28. The Secretariat appreciates the recognition by the evaluation that the Secretariat was very prompt in responding to questions and in clarifying areas of uncertainty for both the applicants and the accreditation panel throughout implementation. The Secretariat also appreciates the finding that easy availability of forms and relevant documents and timely reporting of progress to the Council has made the process more transparent.

29. On the other hand, the Secretariat does not understand the basis of the conclusion that the accreditation process has been costlier than expected. It is not clear to the Secretariat to whose expectations this conclusion is referring and to what expected costs this conclusion is comparing the current costs associated with the process. The only cost estimates associated with the accreditation process have been provided by the report entitled “*Assessment of Cost Benefits*”

¹ Paragraph 14 of GEF/C.40/09

Analysis and Risk-based Evaluation and Accreditation of New GEF Executing Entities,” prepared by Grant Thornton in June 2010². In this report, accreditation costs associated with the scenario where a 4-member panel conducts, for each applicant agency, one desk review of 7 days and a field visit of 7 days were estimated at around \$100,000 per agency. In the actual process that was implemented, however, a 3-member accreditation panel conducted, for each applicant agency, a desk review of 8-10 days and a field visit of 5-6 days as well as several further reviews, culminating in a cost of \$66,265 on average per agency. Thus, the GEF accreditation fees paid by each agency, including the cost of further reviews by the panel, were actually much less than what was originally anticipated by Grant Thornton. In line with the accreditation policy approved by the Council, the GEF budgeted resources up front for the Secretariat to start the process. Overall staff costs incurred by the Secretariat in coordinating and implementing the complex accreditation process were not charged to the agencies.

30. In addition, in this report, it was estimated that the Trustee would spend \$104,000 and \$124,000 per agency to organize orientation sessions for accredited agencies. This is an anticipated cost that has not yet materialized. Thus far, the GEF has provided orientation sessions to the accredited agencies in its offices immediately prior to Council meetings in Washington DC where the Trustee was also invited to provide information and guidance to the agencies on financial procedures. The cost of these sessions has been negligible to both the Trustee and the GEF Secretariat. And the agencies have covered their own travel expenses which were incremental to their Council related travel expenditure.

31. It is also not clear to the Secretariat why the evaluation assesses the treatment of cost recovery in accreditation-related GEF documents to be less transparent. The GEF accreditation policy document states very clearly that “applicants will pay a fee sufficient to cover the cost of the Accreditation Panel Review.”³ In addition, the policy clearly indicates that for those applications requiring further evaluation, the panel will estimate the required extra level of review, and the applicant will be assessed an additional fee prior to further work. While it is true that case-by-case determination of additional fees for further review and field verification have increased the potential for delay, the Secretariat believes that it would not have been possible to estimate these fees up-front, before the initial desk reviews conducted by the accreditation panel to assess the level of compliance of the applicant agencies and to identify gaps which were different for each applicant.

32. The Secretariat is pleased to learn that most applicants have perceived the accreditation process to be fair. Some of the concerns that were raised by applicants are understandable; however, there was no practical way of avoiding them. For example, given that the working language of the accreditation panel as well as that of the Secretariat was English, applicants from non-English speaking countries were required to translate key documents in support of their applications into English prior to submission for panel review. This may have caused additional burden on those applicants.

33. Finally, the Secretariat finds the lessons identified by the evaluation to be helpful, especially in the context of future approaches to the evolving GEF business model with a broader

² GEF/C.38/Inf.10

³ Paragraph 7, Annex I of GEF/C.40/09

set of partners. As recognized by the evaluation, the Secretariat has been giving considerable attention to onboarding of the Project Agencies through training and upstream consultations on development of project proposals. Two such training events have already been undertaken with very positive feedback from participants and a third is planned for late May 2015. The Secretariat agrees that these measures are likely to help the Project Agencies in being more efficient and effective in developing and implementing GEF projects.