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Agenda Item 10

**SEMI-ANNUAL EVALUATION REPORT OF THE
INDEPENDENT EVALUATION OFFICE**

(Prepared by the Independent Evaluation Office of the GEF)

Recommended Council Decision

The Council, having reviewed document GEF/ME/C.51/01, Semi Annual Evaluation Report of the Independent Evaluation Office of the GEF, takes note of the findings and conclusions of the completed studies, and of the ongoing evaluations being carried out in preparation for the Sixth Comprehensive Evaluation of the GEF.

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EXECUTIVE SUMMARY

1 This Semi Annual Evaluation Report (SAER) presents the progress towards the Sixth Comprehensive Evaluation of the GEF, including the findings and conclusions of the completed International Waters Focal Area Study and a Value for Money Analysis of GEF Land Degradation Projects. The SAER also includes emerging findings of the study on GEF's Engagement with the Private Sector, the Chemicals and Waste Focal Area Study, and the review of GEF's support in policy, legal and regulatory reform in countries. An overview of the status of OPS6, including ongoing work on thematic evaluations, and an update on recent knowledge management activities and application of tools and methodologies are also included. The full reports of the International Waters Focal Area Study and the Value for Money Analysis of Land Degradation Projects, are provided in the Information Documents GEF/ME/C.51/Inf.01 and GEF/ME/C.51/Inf.02 respectively.

I. INTRODUCTION

1. This Semi-Annual Evaluation Report (SAER) has been prepared by the Independent Evaluation Office (IEO) of the Global Environment Facility (GEF). It presents progress toward the Sixth Comprehensive Evaluation of the GEF (OPS6), including the main findings and conclusions of the International Waters Focal Area Study and the Value for Money Analysis of GEF Land Degradation Projects completed by the IEO during the reporting period. In this SAER, we also report on the emerging findings of the study on GEF's engagement with the private sector, the Chemicals and Waste Focal Area Study, a review of GEF's contribution to policy, legal and regulatory reforms in countries, and a status update on ongoing evaluations and knowledge management activities. The full reports of the International Waters study and the Value for Money Analysis of GEF Land Degradation Projects are provided to the Council as information documents. The full evaluation reports of the Private Sector study, the Chemicals and Waste focal area study and the review of GEF's contribution to legal and regulatory reforms in countries, will be available in December 2016. This SAER also provides updates on the progress of ongoing evaluations and other knowledge management, methods and data initiatives of the IEO.

II. THE SIXTH COMPREHENSIVE EVALUATION OF THE GEF (OPS6): AN UPDATE

2. The approach paper for OPS6 was presented to and approved by the GEF Council at its June 2016 meeting. Work has begun in all areas addressed in the approach paper, with anticipated completion dates shown in table 1. The approach paper, concept notes for the various studies, and progress in implementation are available on the [OPS6 webpage](#).

Table 1: Schedule of Evaluations Feeding into OPS6

Evaluation Themes	Anticipated Completion Date
<i>Focal Area Studies</i>	
<i>International waters</i>	October 2016
<i>Land degradation</i>	October 2016
<i>Chemicals and waste</i>	December 2016
<i>Biodiversity</i>	February 2017
<i>Climate change</i>	March 2017
<i>Thematic Evaluations</i>	
<i>Programmatic approaches</i>	March 2017
<i>Multiple Benefits of GEF support</i>	March 2017
<i>Integrated approaches</i>	May 2017
<i>Impacts</i>	
<i>GEF's Support in Policy, Legal and Regulatory Reform in Countries</i>	December 2016
<i>The Transformational Role of the GEF</i>	February 2017
<i>Trends in Performance (replacing APR 2017)</i>	February 2017
<i>Institutional Issues</i>	
<i>Reform Process – Results Based Management</i>	February 2017

<i>Reform Process – Knowledge Management</i>	March 2017
<i>GEF6 Strategy, Global Relevance</i>	March 2017
<i>Governance, Financing, Health of the Partnership</i>	March 2017
Mainstreaming /Cross Cutting	
<i>CSO Network</i>	June 2016
<i>Private Sector and GEF</i>	December 2016
<i>Gender</i>	March 2017
<i>Safeguards and Indigenous Peoples Policy</i>	February 2017
OVERALL OPS6 FIRST DRAFT	June 2017
OPS6 FINAL REPORT	October 2017

3. The office is actively engaging with a broad set of stakeholders throughout each evaluation and on issues being addressed in OPS6. In addition, the Expanded Constituency Workshops (ECW) have served as a useful source of feedback from country stakeholders on important relevance and institutional issues. For example, of 60 participants at these workshops, who responded to the survey administered by the Office, over 50 percent of respondents were concerned about the inefficiencies in terms of time and complexity with the project cycle. 85 percent of the same respondents reported that GEF support to countries was consistent with national priorities and with convention guidance.

4. In addition to the terminal evaluation data that are available for all closed projects, the evaluations for OPS6 will include field evidence from approximately 40 countries across all GEF regions. Country coverage includes China, Vietnam, Indonesia, Thailand, Cambodia, Lao People's Democratic Republic, the Philippines, Fiji, Malaysia, Sri Lanka, and India in Asia and the Pacific; Brazil, Colombia, Haiti, Mexico, Argentina, Guatemala, and Trinidad and Tobago in Latin America and the Caribbean; Belarus, Montenegro, Kazakhstan, and Tajikistan in Europe and Central Asia; Morocco, Tunisia, Jordan, Lebanon, Senegal, Namibia, Sierra Leone, Kenya, Eritrea, Tanzania, South Africa, Malawi, Botswana, Uganda, and Zambia, in Middle East and North Africa. The IEO is working within the planned OPS6 budget and it is expected that this evaluation will be completed on schedule within the approved amount. The office is optimizing on travel arrangements through exploiting synergies across the different evaluations, resulting in efficiencies in time and cost.

III. COMPLETED EVALUATIONS

A. International Waters Focal Area Study

“Whether the world is talking about economic or social development, peace and security, or protecting the planet and adapting to climate change, water needs to be at the heart of the conversation”. (The High Level Panel on Water, September 2016¹)

¹ The High Level Panel on Water (HLPW) is co-convened by the UN Secretary General and the President of the World Bank. It is made up of 11 sitting Heads of State and Government, and a Special Advisor.

5. Twenty years since the GEF Council established the international waters (IW) focal area and adopted its operational strategy, the IEO undertook a third study of the focal area, following those completed in 2002 and 2005. The purpose of this study, as part of OPS6, was to provide insights and lessons going forward into the next replenishment cycle (GEF-7), based on evidence from an analysis of the IW portfolio (296 projects), evaluations and terminal evaluations, and on interviews with internal and external stakeholders. The main objectives of the study were to assess the current relevance of the focal area and its effectiveness in creating an enabling environment for transboundary cooperation and in stress reduction.

Findings

High Level of Contemporary Relevance

6. The foundations established for the IW focal area by the 1995 operational strategy have continued to inform actions in the focal area throughout the GEF-4, GEF-5, and GEF-6 replenishment cycles. The focal area strategies have evolved and embraced changing global priorities, and focal area actions have been expanded to address new environmental threats to sustainable development. The focal area is particularly suited and able to contribute to the achievement of a number of Sustainable Development Goal (SDG) targets.

7. Degradation and depletion of the planet's largely transboundary freshwater and marine resources are caused by complex global pressures of population growth and forced migration, changing climate, global financial and trade distortions, food shortages, and changing diets—not just by water mismanagement and policy failures. Within this context, the role of the IW focal area, with its transboundary mandate, acquires substantial importance, as facing these multiple stresses requires strengthened cooperation among countries and a collective response to the multiple stresses on individual waterbodies. Based on the evidence collected by the 2016 IW study, it is clear that the focal area is contributing to the enhancement of regional security and has made significant contributions to support sustainable use and the protection of transboundary waters, their living resources, and dependent ecosystems, further corroborating the findings of the 2005 study.

8. The relevance of the IW focal area has also been analyzed from the perspective of the relevance of recently approved projects to the achievement of GEF-6 strategic goals. The conclusion is that, based on the few project concepts approved so far, the focal area is responding to GEF-6 programming directions. The only subject not currently covered regards high-altitude melting glaciers.

Largely Satisfactory Performance

9. The 127 closed projects have been rated on overall outcome achievement, sustainability, and monitoring and evaluation (M&E). Seventy-four percent of the completed projects in the IW portfolio have outcome ratings in the satisfactory range, similar to ratings reported across all focal areas in the Annual Performance Report 2015 (APR 2015). Seventy-nine percent of regional projects have satisfactory outcomes, as compared with 64 percent of national projects. Success rates were highest in Asia (80 percent), and lowest in Europe and Central Asia (65 percent). Focal area support projects (including research and scientific projects)

had the highest outcome ratings (89 percent); stress reduction projects (including demonstration and foundational projects) had a success rating of 72 percent. Marine projects (n = 53) have a slightly higher percentage of satisfactory outcome ratings as compared with freshwater projects (n = 51): 77 percent versus 71 percent, respectively.

10. Sixty-two percent of projects have sustainability ratings of moderately likely or higher, based on the likelihood of project benefits continuing past project closure. This figure is similar to sustainability ratings across all GEF completed projects, again according to APR 2015. Fifty-three percent of rated projects have M&E design ratings in the satisfactory range, and 56 percent have satisfactory M&E implementation ratings. As per the APR 2015, these figures are slightly lower than the M&E ratings of the overall GEF portfolio (59 percent and 62 percent, respectively); however, the difference is not statistically significant. Full application of, and reporting on IW process and stress reduction indicators in projects, would greatly benefit future performance evaluations.

11. The focal area is now operating in all GEF-eligible countries. It is engaged in:

- (a) facilitating cooperation over transboundary water issues in the majority of GEF eligible large marine ecosystems and major river and lake basins of the planet (79 waterbodies);
- (b) directing its investments toward stress reduction in all major high seas fisheries;
- (c) elimination of marine dead zones due to excess nutrients in East Asia, the Mediterranean, the Gulf of Mexico, and the Caribbean;
- (d) strengthening river commissions and other regional bodies; and
- (e) promoting multi sectoral approaches to surface and groundwater management and a multiplicity of transboundary management arrangements in the Africa, Europe and Central Asia, and Latin America and the Caribbean regions; small island developing states (SIDS); and South Asia.

Overall, projects are evenly distributed across regions, and involve all eligible countries.

12. The focal area has been recognized in several evaluations for the high broader adoption of the policies and practices promoted by its projects (the highest rate among GEF focal areas), for its demonstrated ability to leverage high levels of co-financing, for its stepwise long-term approach to transboundary cooperation, and for its successful knowledge management efforts (notably its focal area support projects, and in particular IW:LEARN), and for the many projects achieving measurable stress reduction impacts. The focal area has contributed to achievements, some of global renown, in a number of fields: the rehabilitation of the Black Sea Northwest Shelf dead zone, the adoption of the Ballast Water Convention on Alien Species (to enter into force in 2017), the Pacific Tuna Treaty, the Guarani Aquifer Agreement, the establishment of the Benguela Current Commission and demonstration projects that have supported the process leading to the Stockholm and Minamata Conventions, among others.

A Catalyst for Integration

13. IW foundational projects have demonstrated that solutions to water concerns lie not just in improving water supply and treatment, or in protecting aquatic ecosystems and environmental flows, but also—and often primarily—in distant sectors such as food and energy production, trade, land use and urban planning, industrial processes, and forest management. So far, however, attempts to capture and fully develop the huge potentials for improved overall effectiveness of the GEF that are inherent in joining forces of the GEF focal areas toward common objectives, have been limited by obstacles on the road to integration such as the focal area silos, sectoral conventions and difficulties in aligning country priorities with regional objectives. The present emphasis in the GEF toward more integrated actions provides a unique opportunity for focal areas to interact and join forces. There is substantial evaluative evidence that robust programmatic approaches are needed to address complex IW geographies and transboundary settings, where the GEF partnership can develop its potential and bring about optimal results. The IW focal area can provide a valuable context for integration, specifically through the strategic action programs (SAPs) agreed upon by the governments of countries sharing a waterbody, based on the science and systemic approach of transboundary diagnostic analysis (TDA).

14. The protection of the Earth's finite and mostly transboundary water resources requires cooperation among countries and synergetic integrated actions across sectors. On the other hand, access to water in sustainable quantity and quality is essential to achieve many of the SDG goals and targets, to adapt to the impacts of climate change, to achieve energy and food security, to protect soil and forests, and to combat desertification.

Promoting a Collective Response to Global and Regional Agreements

15. While not serving any specific international agreement, the IW focal area has throughout the years provided through its projects important support to global and regional water-related agreements, from global binding conventions, to regional agreements, programs of action, and codes of conduct. The present study has shown that, after the Convention on Biological Diversity and the Law of the Sea, the largest level of support by the IW focal area is dedicated to marine fisheries-related agreements, followed by the Global Program of Action and treaties related to freshwater, SIDS, habitats, and navigation. The importance of this contribution cannot be overestimated. The merits of IW projects reside in the collective nature of the response, with projects supporting compliance to the interlinked provisions of different related treaties and soft guidance—enhancing their effectiveness and mutually reinforcing sectoral agreements—and in channeling compliance efforts to where they are most needed. The focal area is thus a useful example of the present drive toward more integrated guidance from the different sectoral multilateral environmental agreements. Of particular interest to IW in this regard are (1) the synergies with the two IW conventions (1992 and 1997), now both in force, that may open new opportunities for increased effectiveness and coverage of focal area freshwater interventions; and (2) the process of integration among the three major multilateral environmental agreements, in particular the United Nations Convention to Combat Desertification (UNCCD) and the United Nations Framework Convention on Climate Change

(UNFCCC), as exemplified by the adoption of the SDG global indicator on land degradation with its implications for the other conventions, and for water.

Areas of Concern

16. The IW portfolio shows a trend of increasing investments in stress reduction, with acceleration in GEF-5, with 52 projects approved, and continuing in GEF-6. This positive trend has been accompanied by a decrease in investments in foundational projects addressing new transboundary waterbodies. One possible explanation is the funding envelope (actual allocations to projects) of the focal area, which, after initial growth beginning in GEF-3, remained between a minimum of \$280 million (GEF-4) and a maximum of \$390 million in GEF-5, with a subsequent decline in real terms. This constraint has been noted in all the overall performance studies of the GEF to date, and all contain recommendations for an expansion of IW funding in view of its high relevance and satisfactory results.

17. A cluster of stand-alone, predominantly national, projects nested within a regional strategic framework constitutes the IW SAPs. Their full implementation will almost without exception require multiple focal area interventions. Food security, energy production, protection of ecosystem services and biodiversity, soil conservation, resilience to climate variability and climate change are all affected by the availability of water resources of sufficient quantity and quality. The opposite is also true. Solutions to transboundary water concerns identified in the SAPs require national actions in multiple dimensions and GEF focal areas. These national actions respond to regional priorities that need to be reconciled with national priorities. The IW focal area, through its ecosystem approach and TDA-SAP consensus-building process, provides countries with the framework needed to direct part of their GEF System of Transparent Allocation of Resources (STAR) funds (in land degradation, climate mitigation and adaptation, and biodiversity), where they are most needed to balance transboundary conflictive water uses, while accruing multiple global environmental benefits and providing a collective response to regional and global environmental agreements.

18. The IW portfolio evolution over time has led to an unbalanced situation between freshwater and marine projects, with a marked prevalence of GEF investments in marine projects, particularly related to fisheries. The number of freshwater projects has instead remained constant since GEF-2, with decreasing investment. In GEF-5 and GEF-6, investments in marine issues were double those in freshwater, with over 50 percent going to fisheries projects. Marine fisheries have now become the object of the largest GEF IW investment of the whole portfolio, with 66 projects and \$466 million in investments. This increase began in 2008, has continued through the GEF-4, GEF-5, and GEF-6 cycles. The reasons for the predominance of marine and fishery projects may lie in the relatively less complex transboundary settings of the marine domain, the short-term economic and social benefits that may be derived from improved ecosystem-based sustainable fishing, and the clear benefits that can be gained in terms of biodiversity conservation. Other factors may also play a role, such as the interest of development banks to engage in this less risky and more profitable field, or an effort to steer the portfolio toward an oceans focal area. Regardless of the reasons, the dominance of marine and ocean investments may limit the ability of the IW focal area to assist countries in facing the

present challenges posed by climatic variability and water scarcity affecting the more vulnerable populations.

19. Fostering cooperation among riparian/littoral countries of shared waterbodies presents a number of hurdles that delay—or even prevent—action. Among them is the important investment of resources that goes into project or program preparation, when an agency has to bring countries together and help them agree to join forces around difficult issues, as is often the case with scarce freshwater in downstream contexts. Not funding the project information form (PIF)/PFD preparation, is a high-risk operation for agencies, particularly when operating in complex transboundary systems. The challenge of having all countries agree on a SAP or even a project document is difficult. It has been observed that setting a time limit of 18 months is not sufficient in relation to what the GEF is trying to achieve, and not all agencies have grant funding to cover the costs of PIF preparation. This lack of flexibility hinders IW work where it would be most needed, such as in areas of freshwater conflict or scarcity, or where upstream/downstream and sovereignty issues are more critical (e.g., Central Asia, South Asia, the Fertile Crescent, and Central America). A change or adjustment in policies would be required, allowing GEF IW projects to work in water conflict areas step by step, including overcoming barriers to cooperation through national projects.

20. There has traditionally been much interest in involving the private sector in IW projects both as a major stakeholder in water resources and as a source of additional funding. The results so far have not been encouraging. IW:LEARN, at its latest conference in Sri Lanka in May 2016, explored ways to further and deepen the relationship between IW-funded projects and the private sector. Changing private sector behavior is the focus of new initiatives in the fisheries sector. According to interviews, efforts are being made to engage with the beverage industry on addressing resource constraints along their supply chains—an issue that most global players have begun to identify as a threat to sustainable long-term investment. Accepting private sector funding is also problematic. The GEF can only receive funding from the private sector as project co financing or in setting up trust funds.

21. All Agency representatives who were interviewed during this study called for greater participation in developing strategies. They maintained that there is a much underutilized capacity in the GEF. The present large number of GEF Agencies, while expanding the experience, know-how, and networks from which to draw inspiration and opportunities for action, challenges the capacity of the system to act in a synergistic way. This is particularly true for IW, a focal area not guided by the priorities of a convention. Lack of Agency participation in the definition of IW strategies may be another reason for the slow, at times perfunctory, response to the strategic directions indicated by the GEF Secretariat.

Suggestions for Consideration

22. The study led to the following suggestions for consideration:

- (a) Include an expanded explanation of strategic fit in project concepts, as well as a section illustrating the adherence of the project to existing regional and global agreements, and its contribution to the implementation of their provisions and to the achievement of the SDGs.

- (b) Apply more flexibility in considering the best ways to create an enabling environment for cooperation in areas of higher water stress or political transboundary tensions. Support should not be denied to those countries willing to cooperate, and a step-by-step approach should be adopted to bring all countries to the table.
- (c) The history and achievements of completed projects, together with the experiences gained and lessons learned from them, should be fully captured in a final report produced by the project team.
- (d) The design of all projects, including those not following the IW TDA-SAP approach, should make an effort to produce science-based baseline conditions and related simple and measurable indicators. The description of the baseline and indicator logic could be part of project concepts, to be detailed quantitatively at project endorsement stage.
- (e) Support and attention should be given to a new generation of Transboundary Diagnostic Analyses that is planned as part of the ongoing phase of IW Learn. The design should adopt a systemic approach and involve multiple focal areas, unravel the water nexus conflicts under climate scenarios, incorporate the social and economic local, national and regional dimensions, and gender equality conditions based on sex disaggregated data.
- (f) Ensure sufficient time and support to build capacity for action on new priority areas. Innovations and improvements in terms of the relevance introduced in IW strategies should either be permanent or be allowed to develop their impacts on the portfolio for an extended period of time beyond the four-year duration of replenishment cycles. Time, and investment in capacity, is needed for countries and agencies to absorb and develop an understanding and ownership of newly introduced practices and fields of action.
- (g) No new themes should be added without a concurrent increase in the focal area allocation. One way to prepare the ground for action on new priority themes in terms of resources and capacity, would be to start by funding a project, possibly of a multifocal area nature, to assess the characteristics, needs, global relevance, and focal area implications of any new priority, and thus provide solid elements for decision making and the planning of resources. A review of GEF IW action on oceans and ice melting would be required based on the findings of the Intergovernmental Panel on Climate Change (IPCC) *Special Report on Climate Change and the Oceans and the Cryosphere* due in 2019.
- (h) Consideration should be given to providing financial support for the preparation of PIFs and PFDs in complex, multi-country contexts such as those characterizing many IW projects, in particular foundational ones.

23. To foster integration within the GEF, and to better coordinate with STAR programming as called for in IW SAPs, the following measures could be considered:

- (a) Invite GEF focal area representatives and the major global conventions to react to proposed IW strategic priorities well in advance of their adoption.
- (b) Introduce in future IW strategies a reference to the points of view of the various conventions and to shared priorities, paving the way for consultations on major IW initiatives at the national level with convention focal points.
- (c) Consider the application of the comprehensive set of SDG indicators of land cover, land productivity, and carbon stocks in IW programmatic approaches as these are being considered for adoption by all three major multilateral environmental agreements.
- (d) Promote dialogue with countries, relevant conventions, focal areas, and donors on the establishment of priority environmental status indicators as part of foundational IW projects. This effort could also be associated with the periodic updating of TDAs.

B. Value for money analysis of GEF Land degradation projects

Background and Objective

24. In 2011, an effort was undertaken to link the GEF Land Degradation Focal Area Strategy and the UNCCD 10-year (2008–18) strategy to streamline investments in sustainable land management.² This effort was conducted in accordance with paragraph 24 of the UNCCD Strategic Plan and Framework adopted by the Conference of the Parties (COP; Decision 3/COP.8), under which the “COP may invite the GEF to take into account this strategic plan and to align its operations accordingly in order to facilitate effective implementation of the Convention.”

25. The 2011 paper referred to above, notes that “Accounting for Land Degradation Focal Area investments in a spatially quantifiable manner will foster a more accurate picture of GEF’s contribution to combating land degradation globally” (paragraph 20). Contained in this study, and made available for future analysis, is information on the geographic location (including exact latitude and longitude) of GEF land degradation projects, as well as related measurements following the indicators suggested in the UNCCD 2015 monitoring framework for measuring land degradation.

26. The paper also notes that “An important aspect of linking the Strategies is therefore related to the outcomes, impacts and associated indicators, all of which serve to inform project design by all stakeholders” (paragraph 6). This study operationalizes this objective, building on

² “Linking the GEF Land Degradation Focal Area Strategy and the UNCCD Ten-year Strategy to Streamline Investments in Sustainable Land Management (2011),”

the project-based reporting available to date by extending such analyses to individual project locations.

Findings

27. This study brought together economists, computer scientists, and geographers with expertise in remote sensing and impact evaluation to apply a value for money (VFM) assessment to GEF land degradation projects. Leveraging methodological approaches to causal identification that have not previously been applied to land degradation, this study explicitly quantified (1) the causally identified impact attributable to GEF land degradation project locations using three indicators capturing vegetation productivity, forest fragmentation, and forest cover change; and (2) the VFM resulting from the impacts of GEF land degradation projects in terms of carbon sequestration.

28. The study applied a six-step procedure, in which (1) precise geospatial data on GEF land degradation project locations (i.e., every site at which a project operated) was generated in compliance with the International Aid Transparency Initiative standard; (2) satellite information was used to derive long-term measurements of each of the three outcomes being assessed at each geographic location (following UNCCD 2015 guidance on indicator selection and 2014 guidance from the GEF Scientific and Technical Advisory Panel on measurement); (3) the data generated in the preceding steps was integrated with a wide set of geographically varying ancillary data (i.e., nighttime lights, population, distances to roads and rivers) to enable a match of GEF land degradation project locations to control locations where no intervention occurred; (4) a novel propensity score matching approach, causal trees, was employed to examine the impact of GEF land degradation project locations on each indicator of interest; (5) observed patterns between these indicators and carbon sequestration were used to estimate the contribution of each project location in terms of tons of carbon sequestered; and (6) a value transfer approach was applied alongside an interactive, online, prototype [tool](#) to enable users to value individual project locations.

29. The novel methodology leveraged in this approach—which is more typically applied in other industries—enables recommendations to be made regarding the spatial contexts in which GEF land degradation projects can result in positive outcomes. Specifically, such recommendations are possible through the study’s combination of geographic information system (GIS) methods, which enable the use of long-term data from satellite sensors; econometric methods, which enable causal inference and the identification of impacts; and computer science methods, which enable the detection of heterogeneity in impacts across different spatial contexts.

30. The study identified a global positive impact of GEF land degradation projects along all three indicators examined, but also found considerable heterogeneity in these impacts across different geographic contexts. Key study findings included the following:

- (a) A lag time of 4.5–5.5 years was an important inflection point at which impacts were observed to be larger in magnitude, noting that some projects were still under implementation.

- (b) The initial state of the environment is a key driver in GEF impacts, with GEF land degradation projects tending to have a larger impact in areas with a poor initial condition.
- (c) Projects located in Africa and Asia had generally positive impacts on average, excepting for the forest fragmentation indicator. All projects in North and South America and Oceania had positive impacts on all three indicators.

31. Across the globe, within 25-kilometer catchment areas, GEF land degradation projects increased their Normalized Difference Vegetation Index score by approximately 0.03 (relative to an average score of 0.55), reduced forest loss by 1.3 percent (relative to a global mean of 2.4 percent forest loss in all areas), and increased the average size of forest patches by 0.25 square kilometers (relative to a global mean of 7.3 square kilometers). The estimated carbon sequestered by the GEF was, on average, 43.52 tons of carbon per hectare. This equates to an estimated 108,800 tons of carbon sequestered by each GEF land degradation project location.³

32. Across the 8,093 valuations of carbon identified as part of the value transfer approach (Costanza et al. 2014) employed to estimate project location valuations (deflated to 2014), a median dollar value of \$12.90/ton was identified, drawing on academic, industrial, and government reports. Using this median dollar value, the study estimated that GEF land degradation projects contributed \$7.5 million (2014) on average to sequestration alone—well above the average cost of most GEF land degradation projects (\$4.2 million).⁴ In line with these findings, the study cited two suggestions for consideration:

- (a) In keeping with the joint UNCCD-GEF goal to promote the “Development of improved methods for multi-scale assessment and monitoring of land degradation trends, and for impact monitoring of GEF investment in SLM [sustainable land management],” a learning-based approach could be used as an initial screening tool for project planning. By identifying the geographic contexts in which similar projects have historically succeeded—or failed—appropriate safeguard and mitigation efforts can be put in place a priori.
- (b) Echoing the joint UNCCD-GEF statement that “Accounting for Land Degradation Focal Area investments in a spatially quantifiable manner will foster a more accurate picture of GEF’s contribution to combating land degradation globally,” exact geographic information (latitude and longitude or geographic shape) of GEF land degradation activities should be collected on an ongoing basis. By

³ This estimate is based solely on the additive impact of GEF land degradation projects on additional sequestration—i.e., the total tons that were sequestered because of each GEF project that otherwise would not have been sequestered. This only includes estimates of gains due to changes along the three indicators examined—forest fragmentation, vegetation productivity, and forest land cover—and thus may not represent the full envelope of all sequestration attributable to GEF projects.

⁴ While the study calculated impact at each individual project location, costs are only known at the project level. Thus, average project valuation is calculated by aggregating each project’s location valuation estimates.

providing exact geographic information on GEF land degradation project locations, it is possible to leverage decades of satellite and other spatial information in ways that is not otherwise possible.⁵

IV. EMERGING FINDINGS FROM ONGOING EVALUATIONS

A. GEF Engagement with the Private Sector

33. The aim of this study is to provide insights into the GEF's engagement with the private sector-- the demand, the offer and the potential gaps around environmental finance. Based on these insights, the study will identify opportunities for the GEF to better engage and cooperate with private sector actors toward sustainable practices. The study is based on desk research, portfolio review, a survey, and in-depth interviews. Following are the preliminary findings of the study. Note that the findings are not exhaustive and should not be regarded as final conclusions.

Background on Private Sector Engagement in GEF Initiatives

34. The GEF has involved the private sector in its activities for well over two decades, beginning with a revolving fund in 1993. The concept of engagement with the private sector can and is interpreted broadly within the GEF partnership to extend from outreach to the private sector during stakeholder consultations to direct loans for enterprises to undertake environmentally friendly improvements to regulatory changes in support of market reforms.

35. The GEF has engaged with a broad range of for-profit entities, from multinational corporations, through large domestic firms and financial institutions, to small and medium enterprises and microenterprises. Public-private partnerships, public-private alliances, cooperatives, and joint ownership arrangements have also been part of the mix.⁶ The effectiveness of country policy, legal, and regulatory processes, the level of private sector development, and the types of private entity involved are all considered in determining pathways of engagement with the private sector.

36. Overall, the private sector portfolio outperforms the non-private sector portfolio in achieving market change. Successful engagement has led to many instances of broader adoption of implementation strategies, technologies, approaches, and/or structural

⁵ This study has a number of remaining uncertainties and limitations which could be resolved through future work. While matching based on geography and geographic patterns can strongly mitigate omitted variable biases (i.e., by selecting treatment and control sites close together, and thus likely to experience similar conditions), nuanced, project-scale factors could still confound the results present here. We argue that, despite this limitation, the analysis presented here can be powerful in (a) identifying possible "bright spots" and "warning signs" at a relatively low cost; (b) identifying the geographic contexts in which GEF LD projects are most successful; and (c) providing strategic guidance as to the global and regional effectiveness of GEF LD projects.

arrangements—including notable instances of scaling-up and market change, particularly in the climate change focal area.

37. In the mid-1990s, the GEF started working with the International Finance Corporation (IFC) on risk guarantees. The most recent public sector loans (non-grant pilot engagements) focused on climate change and other focal areas and were oversubscribed. Eight projects have been launched in the past two years, and only \$17 million (out of the initial pool of \$110 million) is left for disbursement. 50 percent of the recent projects focused on biodiversity, land use, and forest management.

38. Since the GEF's inception, a total of 86 projects have been recorded as having utilized a "non-grant instrument," totaling \$715 million in GEF financing. This is equivalent to about 6 percent of the GEF's total programmed amount. The use of non-grant instruments has varied over the years, and the GEF's ability to engage the private sector diminished during GEF-4 as a result of the then-introduced Resource Allocation Framework (RAF). However, the co-financing ratio of such projects has trended upward over time (with a co-financing ratio of 3.8 under GEF-1 and a ratio of 15.9 during GEF-4 and GEF-5), and is well above co-financing levels for GEF grant programming.⁷

39. In its evolution from relying primarily on grant financing to engage the private sector, to the use of non-grant instruments, the GEF has followed the global trend in financing activities aimed at solving environmental problems. Its use of multiple non-grant instruments can be categorized as follows: (1) debt instruments, (2) equity, and (3) risk management products. Bilateral agencies such as Germany's KfW as well as the U.S. Export-Import Bank and Overseas Private Investment Corporation have pursued similar routes with mixed results. Using a "whole-of-government" approach, bilateral agencies have often streamlined the process of using grant and non-grant resources to create enabling environments for successful private sector engagement (via policy and regulatory changes, capacity building, etc.). Initially, grant-based support is used to create the enabling environment for private sector investment. Thereafter, debt instruments, equity, and risk management products are used to ramp up private sector engagement in this area.

40. Coordinated actions by the GEF, other multilateral agencies, and bilateral funding agencies have resulted in versatile options for blending public and private resources and for using "basket funds," where resources are collected from several institutions to create large pools of monies to engage with the private sector.

Findings

GEF Efforts toward Mainstreaming Private Sector Engagement: Portfolio

41. The GEF's engagement with private sector entities has been successful, with the private sector performing on par with the non-private sector portfolio (~80 percent of projects rated

moderately satisfactory or higher). Similarly, there is no difference in ratings among those projects that used a non-grant modality as opposed to a grant modality.⁸

42. For full-size projects, the private sector is the third largest source of co-financing, with recipient country governments—including various ministries, departments, and agencies at different tiers of government—as the main contributors of co-financing, followed by GEF Agencies.

43. At the project level, one example of a transformational engagement involving the private sector is the successful China Utility-Based Energy Efficiency Finance Program (CHUEE), initiated by the GEF and IFC in 2006. It uses GEF funding to partly finance a risk-sharing facility for Chinese local banks. The program's main objective was to increase overall investments in energy efficiency through a guarantee mechanism and provide technical assistance for finance partners, and end users. The program further involved market outreach through information dissemination. This program was consistent with GEF strategic priorities for climate change: increased access to local sources of financing for renewable energy and energy efficiency, and transformation of markets for high volume products and processes. CHUEE Phases 1 and 2 used \$16 million from the GEF and \$40 million from IFC to take the first loss of lending from local banks to utility companies installing energy efficient equipment, triggering over \$800 million in investments. Phase 3 of CHUEE will eventually use \$10 million in GEF funding, and could add another \$100 million or more of leveraged financing. An independent evaluation of the program found its overall impact consisted of greenhouse gas reduction and private benefits generated by projects that would not have occurred in its absence, plus non quantifiable benefits related to demonstration and spillover effects. More than 68 percent of borrowers indicated that without the program, they would still have implemented their energy efficiency projects but on a smaller scale or over a longer time frame.⁹

44. A review of the GEF portfolio indicates that it has made progress in weaving private sector strategies into standard grant proposals. For example, based in large part on the GEF's efforts, the private sector is now profiting from the management of mangroves, thereby playing a key role in initiatives aimed at promoting adaptation to the impacts of climate change. Based on its reputation, networks, knowledge base, and ability to convene stakeholders, the GEF is moving in the direction of convening multi stakeholder alliances such as between Phillips and Osram to improve energy efficiency, and between the Rainforest Alliance and Conservation International to promote stewardship of the public commons. Also, in water sector projects in Latin America, The Nature Conservancy has partnered with the GEF to include entities such as Coca-Cola and Anheuser-Busch. In addition to providing higher levels of financing, private sector entities can now be galvanized into hastening the deployment of key technologies within environment-friendly initiatives. The further challenge is to mainstream such engagement.

Opportunities for Mainstreaming Private Sector Engagement in GEF: Survey

The survey responses from 60 stakeholders (30 internal and 30 external private sector stakeholders) provided the following insights into opportunities for mainstreaming GEF engagement with the private sector.

- (a) ***The environment is an important concern for the private sector.*** Addressing environmental issues is a growing concern to the private sector. All private sector stakeholders surveyed address environmental issues in a strategy; around 80 percent cite it as an integral part of their business strategy. Over 90 percent of the respondents expect to invest more in the development of environmental products and services in the coming five years. It is particularly interesting to note that generating new business and revenue streams is the dominant driver behind investment in environmental products and services (cited by 58 percent of multinational respondents and 92 percent of financial institution respondents). This indicates that environmental issues are considered a core business concern. Interviewees further mentioned the formulation of the SDGs and the Paris Agreement as providing additional impetus to environmental issues in the private sector. Said one industrial company manager, “Agricultural commodities have become a key focus for the future growth of our business. This is why climate adaptation and water management are crucial for our business and for the long-term sustainability of our company.”
- (b) ***The GEF can add the most value in removing barriers for mainstream capital.*** There is clearly a demand from companies for financing of their environmental measures, in particular in the areas of climate change, biodiversity conservation, and land degradation. Surveyed companies showed the least interest in financing waste and chemicals reduction, although 50 percent of the participants responded positively to that question. The financial product offering is in line with demand, as most financial institutions surveyed offer financing for climate change (75 percent), sustainable forest management (63 percent), and biodiversity (50 percent). Companies and financial institutions indicate that they see the GEF as being most valuable as an enabler of demand and supply around environmental finance. Respondents are most interested in risk-sharing mechanisms (e.g., loan guarantees), rather than direct investments or grants. This facilitating role for the GEF might also include supporting environmental projects to become bankable or using its network to bring the right private sector investors together for a project. Noted a sustainable real assets investment manager, “The GEF can have the biggest impact through its facilitating role by making projects bankable and by taking away the hurdles for mainstream capital to step in.”
- (c) ***The private sector is interested in collaborating with the GEF, but needs a better understanding of the offering.*** The trends noted above signal an opportunity for increased engagement between the GEF and the private

sector. Indeed, 100 percent of stakeholders indicated they are interested in collaborating more with the GEF. However, these same stakeholders indicated generally low familiarity with the GEF's engagement strategy and activities. Among the GEF private sector partners surveyed, approximately half are not familiar with any engagement strategy and/or concrete projects. In addition, none of the surveyed financial institutions and only 20 percent of the corporations had ever cooperated with or received financing from the GEF. Interviewees noted that accessing information on cooperation opportunities with the GEF is perceived as complicated, while national focal points appeared not to be fully aware of the GEF's engagement with the private sector (only 5 percent indicated that they knew about both the GEF's engagement strategy and any private sector projects). Most respondents cited personal contact with senior GEF Secretariat staff as their source of information. A bilateral development bank manager observed, "There is insufficient understanding in the market of what the GEF has to offer. It would be helpful to organize a roadshow for the private sector to explain the GEF's objectives, offering and partnership opportunities."

- (d) ***The GEF should prioritize its focus areas to optimize additionality.*** Private sector stakeholders understand why the GEF has a broad thematic and geographic focus, particularly when taking into account the GEF's history and organizational structure. Respondents appreciate the GEF-wide areas of expertise and recognize its long track record. At the same time, some question whether the GEF can maintain its relevant position in a field that is becoming crowded with more specialized thematic or regional organizations and funds. Stakeholders encouraged the GEF to better define its specific added value toward the private sector, and suggested an improved dialogue between the GEF and organizations with (partly) overlapping mandates. Private sector actors think climate change, forest management, and the reduction of harmful chemicals are the areas where there is the most potential for the private sector to contribute to long-term solutions. Climate change and forest management also are the areas where private sector stakeholders see the most potential for the GEF to stimulate private sector solutions. Another significant field is the strengthening of IW management, which they consider important to their business. An environmental finance specialist noted, "A lack of liquidity is not the problem for environmental solutions. The problem is that environmental finance is becoming a crowded field. To maintain its relevance and become a strategic partner to the private sector, the GEF should focus its strategy and connect it to initiatives that resonate with companies (COP21, SDGs)."
- (e) ***The GEF should support innovative financial instruments and policy change.*** The survey captured differing opinions between GEF internal and external views on which influencing model is most effective in private sector engagement. While GEF staff and focal points perceive multi stakeholder alliances and the demonstration of innovative approaches as having the most

impact, private sector stakeholders strongly indicated a demand for innovative financial instruments, followed by support for transformation of policy and regulations and institutional capacity. This finding coincides with private sector views on the greatest hurdles to addressing environmental challenges, which they cite as an inconsistent regulatory environment and the need to attract the right mix of appropriate financing. Stated a sustainable asset manager, “I should come to the GEF with my bankable projects, and they need to assist us in regulatory issues. They should help create the right regulatory conditions and a level playing field in the region.”

- (f) ***More efficient operations are needed for the GEF to be a credible private sector partner.*** The GEF offers projects technical knowledge, access to a political network, and a seal of approval. These are important features to bring to the table in a private sector collaboration. However, respondents agree that the speed at which the GEF operates does not meet private sector timelines. Respondents suggested that the GEF set up more nimble and efficient processes to become a more credible partner for the private sector. Other specific barriers that respondents mentioned in working with the GEF are a slow approval process, complex project management procedures, and limited access to information on cooperation opportunities. The survey found that GEF Secretariat staff, executing partners, and focal points acknowledge these hurdles. Said one GEF staff member, “We know that our project cycle timelines are difficult for those with an immediate investment opportunity and that we are not fit to certain types of interventions. In those cases, we should direct a project to a more suitable partner.”

B. Chemicals and Waste Focal Area Study

45. The broad objectives of the Chemicals and Waste (CW) Focal Area Study are to assess the relevance of the CW strategy to the guidance of the Conventions, present a synthesis of CW results and identify lessons learned for GEF-7. Emerging findings on portfolio trends, evolution of the GEF strategies for chemicals and waste; and coherence of the GEF-6 strategy with the guidance from the Conventions, are included here. These emerging findings are based primarily on desk analysis, with some input from interviews conducted to-date with agencies and Convention secretariats. More in-depth analysis will be conducted for the final study.

Findings

Analysis of the GEF Chemicals and Waste Portfolio

46. From its inception through July 20, 2016, the GEF has approved US\$1.1 billion in grant funding to 482 chemicals and waste projects, with an additional US\$3.4 billion via co financing.¹⁰
47. The emerging findings are:
- (a) **Project modality.** By number of projects, enabling activities represent the majority of GEF chemicals and waste projects (54percent, followed by full-size projects (31percent and medium-size projects (15percent). By funding, full size projects have dominated, accounting for 84percent of GEF funding to chemicals and waste projects.
 - (b) **Agency.** By number of projects, United Nations Industrial Development Organization (UNIDO) has implemented the largest share of projects (36 percent), given the prevalence of enabling activities in their portfolio (67 percent), followed by United Nations Environment Programme with 26 percent. By funding, the World Bank has received the largest share of approved GEF resources (30 percent)—attributed to the dominance of full-size projects in their portfolio (98 percent)—followed by UNIDO with 24 percent of approved resources.
 - (c) **Regions.** Asia, with 35 percent of approved GEF resources, accounts for the largest share of funding by region, followed by Eastern Europe and Central Asia with 28 percent, and Africa with 22 percent. Global projects account for 13 percent of approved resources, and regional projects account for 1 percent.
 - (d) **Country Groups.** GEF support for least developed countries (LDCs) and Small Island Developing States (SIDS) has fluctuated over time, representing 10 percent of approved chemicals and waste resources in GEF-2 and GEF-3, 4 percent in GEF-4, 6 percent in GEF-5, and 4 percent thus far in GEF-6. In the GEF-6 CW Strategy, Program 6 is dedicated to supporting regional approaches in LDCs and SIDS.
 - (e) **Multi focal area projects.** Thirteen multi focal area projects with chemicals and waste components have been approved since GEF inception; ten of those projects were approved in GEF-5 and GEF-6.

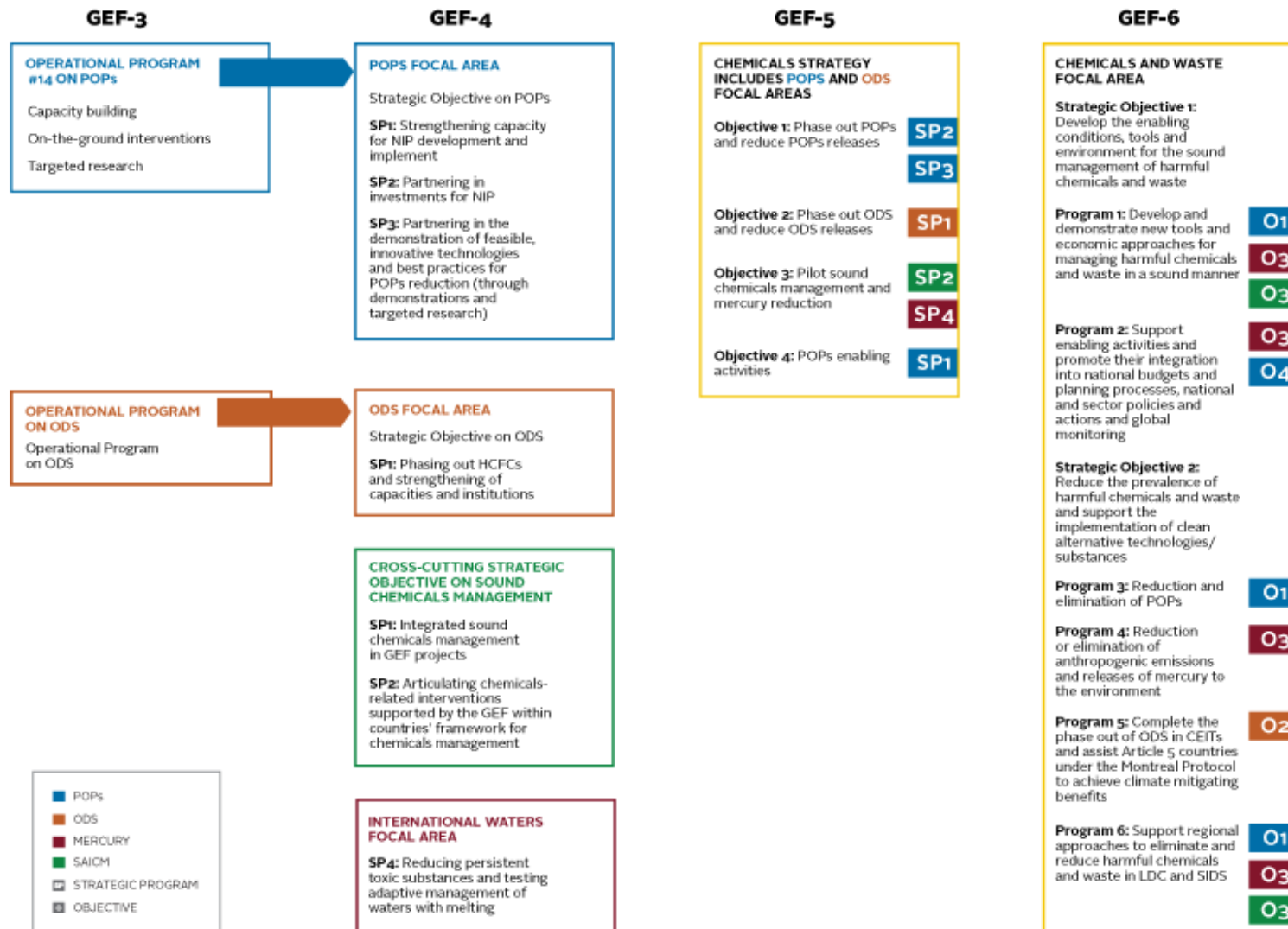
¹⁰ Based on data in the GEF Project Management and Information System (PMIS) as of July 20, 2016. Includes all projects that have received at least PIF approval or are further along in the project cycle. Includes funding channelled through former POPs and ODS focal areas. Does not include Multi Focal Area projects with chemicals and waste components. Funding and co-financing levels are those amounts indicated at project approval or endorsement.

Evolution of the GEF Chemicals and Waste Strategy

48. The organization of GEF support for chemicals and waste has significantly evolved since GEF-3, when a dedicated program for POPs was first introduced (see figure 1). In GEF-4, separate focal areas for POPs and ODS were maintained, and support for sound chemicals management was made explicit for the first time through a cross-cutting strategic objective. Mercury was addressed to a limited extent by one of the strategic programs under the International Waters focal area. In GEF-5, a Chemicals Strategy offered a unifying framework for support for the POPs and ODS focal areas, as well as for sound chemicals management and mercury. For GEF-6, the GEF Fifth Assembly created a single chemicals and waste focal area—replacing the POPs and ODS focal areas.

49. The GEF-6 CW Focal Area Strategy addresses similar core issues as GEF-5, in a slightly more elaborated configuration. The GEF-6 Strategy shows increased attention to mercury, covered under four of its six programs, consistent with the Minamata Convention's progress toward coming into force. Program 1 puts renewed emphasis on developing and demonstrating new tools and approaches—a priority that was identified in GEF-4, but given reduced attention in the GEF-5 Strategy. Program 6 provides new, explicit support for regional approaches and LDCs and SIDS.

Figure 1: Evolution of GEF Support for Chemicals and Waste



Coherence with the Conventions

50. This study conducted a full review of guidance from the Conference of the Parties (COP) to the Stockholm Convention and the guidance issued by the Conference of the Plenipotentiaries to the Minamata Convention on Mercury, to assess the coherence of the GEF-6 Chemicals and Waste Focal Area Strategy with that guidance. This assessment provides an update to the analysis of convention guidance provided in *Technical Paper 5: Chemicals* prepared as part of the *Evaluation of the GEF Focal Area Studies* (2012) in support of OPS5.¹¹

51. The emerging findings are:

- (a) The GEF-6 focal area strategy on chemicals and waste largely reflects the guidance of the Stockholm and Minamata Conventions. Table 2 below shows the results of the Guidance-Strategy mapping.
- (b) In terms of the responsiveness of the strategy to the guidance, desk analysis and consultation with the Stockholm Convention Secretariat identified the following aspects:
 - (i) GEF support for **information exchange** in general and the **Clearing-House Mechanism** in particular was requested by COP-4. While overarching efforts on awareness raising on chemicals were included under CHEM-1 of the GEF-5 strategy and program 6 of the GEF-6 strategy, specific activities on information exchange mechanisms and the Clearing-House Mechanism were not explicitly included in the focal area strategy for either GEF-5 or -6.
 - (ii) The GEF-6 Strategy addresses **priority funding** areas identified in COP guidance, including new time bound priorities identified at COP-6 (Decision SC-6/20). The Strategy does not indicate priority for countries that have not yet received funding for implementation of activities in NIPs, as was requested by COP-5 (Decision SC-5/23), although the GEF Secretariat considers this a priority in proposing projects to the annual work program.

¹¹ In keeping with the method of the previous analysis, only convention guidance that was issued before the GEF-6 Programming Directions went into effect on May 22, 2014 was included (i.e., guidance through COP-6 of the Stockholm Convention, and the guidance from the Conference of Plenipotentiaries in October 2013). Guidance on GEF operational issues are addressed through channels other than the focal area strategies and were therefore not included in the analysis.

- (iii) Support for **Stockholm Convention regional centers**—which was identified as a gap in the GEF-5 chemicals focal area strategy—is explicitly encouraged in the GEF-6 Strategy.

52. Early guidance issued to the GEF from the Minamata Convention has been quite broad, given the focus on preparing and establishing the GEF as the financial mechanism. The Minamata Convention Secretariat noted that guidance from the first Conference of the Parties, currently in draft form, is likely to be more specific.

Table 2: Guidance-Strategy Mapping for GEF-6 Focal Area Strategy on Chemicals and Waste

Stockholm Convention COP Guidance	GEF-6 Programming Directions: CW Strategy
NIPs 8 - Request to support the regular review and updating of national reporting and national implementation plans (NIPs) - Request to give priority to countries that have not yet received funding for implementation of activities in NIPs	➔ - GEF support for development and update of NIPs including in Program 2 - Completion of NIP updates included in Results Framework as Outcome 2.3 No explicit prioritization for countries that have not yet received funding for implementation of activities in NIPs
DDT 7 - Request to prioritize programming for the elimination of the production and use of DDT - Request to support capacity for sound management and appropriate monitoring of DDT use in disease vector control as well as the development and promotion of cost-effective alternatives to DDT	➔ - GEF support for elimination of production and use of DDT provided under Program 3; strategy cites specific Convention guidance on DDT - Also under Program 3, GEF may also support introduction of alternatives to DDT for vector control - Tons of DDT disposed included in Corporate-level Indicator
REGIONAL CENTERS 6 - Requests to give consideration to the proposals developed by nominated Stockholm Convention regional centers in the context of GEF support for the delivery of technical assistance on a regional basis and to prioritize such support to those centres situated in developing countries and countries with economies in transition - Invitation to able entities to provide financial support to enable regional centers to implement their work plan	➔ Use of regional centers as executing agencies or providers of technical assistance encouraged in Annex I, particularly in regional projects where centers would have a comparative advantage
CAPACITY BUILDING FOR GLOBAL MONITORING AND EFFECTIVENESS EVALUATION 6 Requests to incorporate activities and provide financial support for capacity building related to the global monitoring plan and effectiveness evaluation	➔ Program 2 will “support global monitoring that help to measure the effectiveness of the Conventions to which the GEF is the financial mechanism”

		Strengthening of global monitoring for POPs included in the Results Framework under Outcome 2.4
BAT/BEP 4		
- Request to incorporate best available techniques and best environmental practices and demonstration as one of the priorities for providing GEF support - Request to provide funding to use BAT/BEP to support reduction of unintentional releases of POPs - Request to prioritize programming for use of BAT for new sources in categories listed in part II of Annex C, and to facilitate technical assistance and technology transfer		- Demonstration of new technologies, based on BAT/BEP guidance, encouraged under Program 1 - Use of BAT for new sources supported under Program 3; strategy cites specific Convention guidance on BAT

Trends in Performance

53. The following trends are discernible based on an analysis of 54 completed chemicals and waste projects for which terminal evaluation reports have been completed and submitted to the GEF IEO.¹² These 54 projects account for US\$261 million in GEF funding and US\$272 million in realized co-financing.

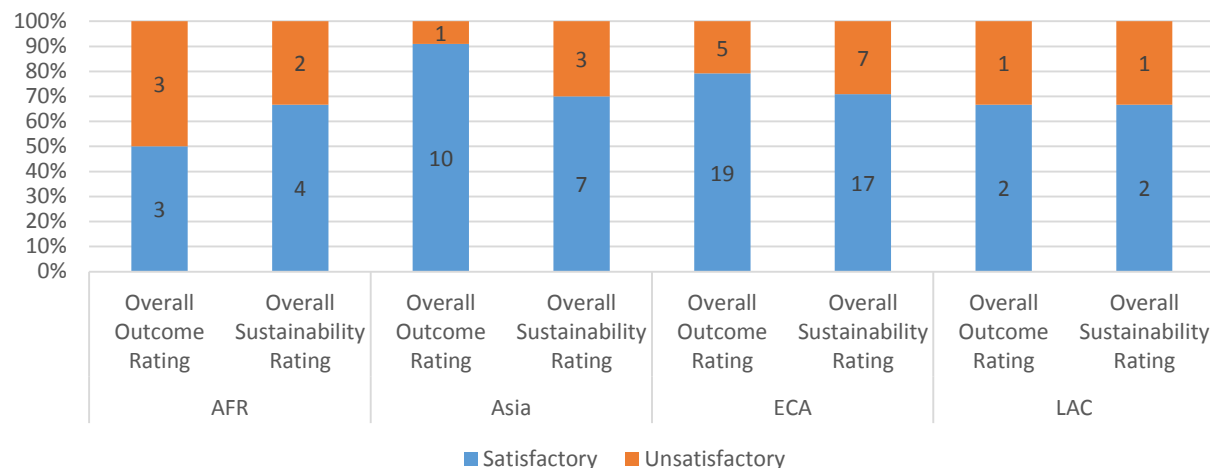
54. The emerging findings are:

- (a) These 54 projects account for \$261 million in GEF funding and \$272 million in realized co-financing.
- (b) Seventy-eight percent of these chemicals and waste projects (accounting for 81 percent of GEF funding) have outcome ratings in the satisfactory range.
- (c) Sixty-two percent of these chemicals and waste projects (accounting for 64 percent of funding) have received ratings of moderately likely or above for sustainability of outcomes.
- (d) Seventy-one percent of these chemicals and waste projects have received quality of implementation ratings in the satisfactory range; a higher percentage (84 percent) of projects was rated in the satisfactory range for quality of execution.

¹² This analysis is based on the 2015 Annual Performance Review dataset compiled by the GEF Secretariat.

Figure 2 below shows the performance of closed CW projects with terminal evaluations by region.

Figure 2: Outcome and Sustainability Ratings by Region for CW Projects with Terminal Evaluations



Below are examples of significant outcomes from closed projects with high outcome and sustainability ratings:

- (a) **Africa.** A project in Mauritius¹³ sent all inventoried obsolete POPs for environmentally sound disposal, as well as additional hazardous chemicals, exceeding its project target. This project also achieved sustainable success in switching from DDT to pyrethroids as an alternative for vector management.
- (b) **Eastern Europe and Central Asia.** A project¹⁴ safeguarded more than 200 metric tons of obsolete pesticides in Belarus, Azerbaijan, and Georgia, and achieved more than anticipated in terms of awareness raising and capacity building, through the implementation of micro-support projects.

¹³ Sustainable Management of Persistent Organic Pollutants in Mauritius, implemented by UNDP. GEF Project ID #3205.

¹⁴ Capacity Building on Obsolete and POPs Pesticides in Eastern European Caucasus and Central Asian Countries. Implemented by FAO. GEF Project ID #3212.

- (c) **Asia.** A project in China¹⁵ supported the promulgation of a national ban on production, distribution, use, and import of POPs pesticides, including DDT, jointly issued by ten ministries. The project also supported the closure of two open production cycle dicofol plants, environmentally sound disposal of 1,600 tons of high-risk DDT waste, and optimization of the only closed-system dicofol production facility. On the consumption side, the project demonstrated Integrated Pest Management (IPM) technology in three counties and conducted farmer training; these activities catalyzed other farmers not participating in the demonstration to apply IPM technologies at their own cost. Sustainability of the dicofol phase out is considered likely given national and local level legislative measures and strengthened enforcement actions.

C. GEF Role in Supporting Legal and Regulatory Reform in Countries

Background

55. This study aims to conduct an assessment of the effectiveness of GEF foundational support in helping member countries develop their environmental policy and legal frameworks, and thus achieve their national goals and strategies. The study seeks to develop a better understanding of how GEF support has led to changes in the environmental policy and legal framework in member countries as well as the extent to which such reforms have been accompanied by the development of necessary institutions, including effective enforcement and/or incentive mechanisms. Where possible, the study will document environmental benefits arising from changes in the policy and legal framework to which GEF support contributed.

56. The study covers GEF-supported projects undertaken during GEF-5 and GEF-6 with specific components dedicated to strengthening the national environmental policy, legal and regulatory frameworks related to GEF focal areas. The study also covers country evaluations conducted by the IEO since 2006, reviewed through a meta-analysis approach. Field visits are being undertaken in six countries (Belarus, Brazil, Kazakhstan, Namibia, the Philippines, and Vietnam), as are individual interviews with key stakeholders at the central and national levels.

57. The study distinguishes between GEF support to national environmental policy and legal/regulatory frameworks. Policies, strategies, and action plans are statements of the aims, principles, and courses of action that a government intends to pursue to address a particular environmental issue. The adoption of a policy in the form of a white paper or similar document may be accompanied by some type of government resolution that is not legally binding. The legal/regulatory framework is constituted by statutory and administrative laws. The former are acts (statutes) passed by the legislature and enacted into law. Administrative laws are regulations, orders, or decisions issued by the head of state, government department, or

¹⁵ Improvement of DDT-based Production of Dicofol and Introduction of Alternative Technologies Including IPM for Leaf Mites Control in China, implemented by UNDP. GEF Project ID#2629.

independent regulatory agency authorized by the relevant enabling legislation and have the effect of law.

Findings

Enabling Support to Environmental Policy and Legal/Regulatory Frameworks

58. Early evidence suggests that GEF enabling activities have functioned as an important catalyst, especially in the biodiversity and climate change focal areas, galvanizing expertise and resources for conducting the baseline studies, policy advocacy, and analyses needed to formulate and support policy and strategy formulation. Importantly, GEF enabling activities have been highly relevant to national strategies, plans, and priorities related to GEF focal areas as well as sustainable development ones.

59. In biodiversity, national biodiversity strategy and action plans (NBSAPs) resulted in frameworks, action plans, and guidelines for biodiversity conservation as well as integration of biodiversity management considerations into different sectors of the economy. In Tanzania, a draft National Biosafety Framework led to the subsequent development of biosafety guidelines in 2009. GEF enabling support to South Africa helped integrate biodiversity considerations into the national treasury budgeting process as well as the National Strategy for Sustainable Development. In Sri Lanka, broader overall frameworks and action plans to assist in the periodic review of biodiversity were developed with GEF enabling support. A dedicated enabling activity in Sri Lanka influenced the formulation of biosafety policy in 2011; one year after that, Sri Lanka became a party to the Cartagena Protocol.

60. While climate change enabling activities have mainly served to prepare national communications to the UNFCCC, they have also supported the formulation of strategies and national action plans to address climate change and adaptation strategies, as was the case in Sri Lanka. In South Africa, enabling support contributed to the formulation of the National Climate Strategy, the Energy Efficiency Strategy, and the White Paper on Renewable Energy. Other examples include the Climate Change Strategy of Tanzania and the National Program of Action for Adaptation to Climate Change in Sierra Leone.

61. GEF enabling activities have played an important role in creating awareness among policy makers and the general public on POPs, and have facilitated the preparation of NIPs. In most cases, these resulted in the countries' ratifying the Stockholm Convention either during the drafting of the NIP or the following year, as exemplified in Sierra Leone, Sri Lanka, Tajikistan, Tanzania, and Turkey. The NIP provides a set of essential information (national inventories, risk assessments, other) that helps identify those priority activities that countries need to undertake in order to meet the requirements of the Stockholm Convention.

62. GEF enabling activities have also directly resulted in influencing legislative and regulatory frameworks. In Turkey, a biosafety enabling activity resulted in a draft national biosafety law developed in 2005 with the active involvement of more than 55 institutions, experts, and academicians. Biosafety Law No. 5977 was approved by the Turkish National

Assembly on March 18, 2010. Despite the fact that project funds were exhausted in 2007, Turkey continued this successful law-making process using its own funds, demonstrating the country's interest in and active commitment to biosafety. In Sierra Leone, GEF enabling support contributed to amendment of the Environmental Agency Act of 2008.

Project Support to Environmental Policy and Legal/Regulatory Frameworks

63. GEF support through other modalities—essentially through dedicated components of medium- and full-size projects—has played an important role in influencing the development of strategies and policies as well as laws and regulations. Often, this support has built on the enabling activities that preceded it. In some countries, GEF support strengthened already existing well-developed policy and legislative frameworks. The impacts of GEF support to policy and legal reforms is currently being assessed through field verification. The results from the desk review are presented here.

64. An example of effective policy support in biodiversity is the Development of Wildlife Conservation and Protected Areas Management Project in Sri Lanka, which influenced the formulation of the country's first National Wildlife Policy of 2000. In climate change, GEF support was critical in developing energy policies, both in renewable energy and energy efficiency. A full-size project in Tanzania led to the development of a pro-photovoltaic policy framework. In Sri Lanka, GEF-supported pilots contributed to promoting the national policy that nonconventional renewable sources would account for 10 percent of energy generation by 2020.

65. Several examples of the important role played by GEF projects in the formulation of both statutory and administrative laws are worth mentioning. A GEF project in Sri Lanka carried out by the Department of Wildlife Conservation contributed to the amendment of the Fauna and Flora Protection Act of 1993, which ensures better coverage of species protected by law. A dedicated component of a GEF project in Tanzania supported the negotiations that led to an equitable benefit-sharing agreement that was instrumental to operationalizing the Deep Sea Fishing Authority Act No. 1 of 1998.

66. In some cases, effective GEF support encountered political challenges post project. In Turkey, the Biodiversity and Natural Resource Management Project provided support and expertise to prepare a comprehensive draft law on the protection of nature and biological diversity that meets international standards. That was an exemplary process with full consultation of more than 2,500 stakeholders drawn from institutional, academic, and civil society sectors. The draft law was considered one of the most advanced and comprehensive biodiversity legislation ever prepared in the country. However, the final version of the law is being opposed by a large number of national civil society organizations, including IUCN in Turkey, due to its watered-down approach to protection and conservation of nature, and a lack of adherence to international standards.

67. GEF support led to the formulation of different forms of administrative laws in a number of instances. Five forest reserves in the Eastern Arc Mountains covering a total area of 178,503

hectares were upgraded to the status of forest nature reserves, and were gazetted by the government of Tanzania during the GEF project that supported them. GEF projects in the Philippines supported the approval of two presidential proclamations and five republic acts that led to the expansion of the protected areas and critical habitats in the country. In Morocco, the GEF helped establish the 2010 protected areas law (No. 22-07), which aimed at the conservation, development, and rehabilitation of the natural and cultural heritage and is fully functionally and being implemented.

68. Examples of GEF support to the formulation of statutory and administrative laws in climate change include the Philippines' Renewable Energy Law (Republic Act 9513 passed in 2008). Support to the Renewable Energy Interagency Committee—both through financial resources and the conduct of policy studies—was critical in moving the bill into law and drafting and finalizing the related implementing rules and regulations. Tajikistan's Law on Energy Efficiency and Energy Savings (No. 1018 of September 2013) for small-scale hydropower development was updated with contributions from a GEF project. In Lebanon, the GEF helped establish an agency for implementing policies—the Lebanese Center for Energy Conservation. The center is now a national energy agency, and has helped with the development of the energy conservation law that was submitted to Parliament. Additionally, a mechanism has been established to implement energy audits in buildings around Lebanon.

69. In Namibia, a GEF project led to a cabinet directive issued in August 2007 requiring the installation of solar water heaters in all new public buildings and the gradual replacement of existing electrical water heaters with solar water heaters in all public buildings. As a result of a regulatory project to improve efficiency in the electricity sector, the Electricity Control Board issued rules on net metering in 2015 and rules on renewable energy feed-in were published in April 2014. The Electricity Control Board also instituted a tendering process for utility-scale solar installations. These measures (as well as a drop in the price of solar modules and other system components) have led to an increase in the number and capacity of solar installations in the country.

70. Following are a few points worth noting based on this preliminary evaluative evidence:

- (a) Executing agencies and implementing partners are often overly optimistic about the pace of legal/regulatory reforms.
- (b) Rule-making is inherently a political process involving constituents with often competing and/or different interests.
- (c) There is often a mismatch between project duration and the legislative and/or rule-making process.
- (d) There is much that can be done under existing statutes either through policies or administrative actions.

- (e) In some countries, the necessary institutional machinery and authority for enforcement also need strengthening.
- (f) Turnover within ministries weakens buy-in and the continuity of the rule-making process.

V. OTHER ONGOING EVALUATIONS

A. Evaluation of Programmatic Approaches in the GEF and the Integrated Approach Programs

71. The main purpose of the evaluation is to assess whether and how GEF programs have delivered expected results in terms of broader scale and longer-term global environmental benefits while addressing the main drivers of global environmental degradation. The evaluation also aims to provide evidence on GEF performance in delivering programs as a support modality. It explores efficiency issues including program design, governance and management arrangements, coordination, and M&E.¹⁶

72. The evaluation is being conducted using a mixed methods approach. Ongoing portfolio analysis and documentation review will be completed in October 2016. A global online survey is being conducted to gather stakeholder perceptions on a number of issues related to program design and implementation. Four programs have been selected as country case studies for progress to impact analysis. Selection is based on program maturity in terms of the implementation status of the respective child projects.

73. Case study visits to China, India, Indonesia, Jordan, Morocco, Tunisia, and Vietnam are taking place and will be completed by the end of October 2016. Rapid impact evaluation is being piloted in one case study in Southeast Asia. A preliminary analysis of geo-located project sites is being conducted for the other three studies, so that remotely observed environmental change can be field verified during country visits. Geospatial analysis is also being conducted at the portfolio level on a sample of 13 mature programs with 108 child projects. Triangulation of the data gathered and identification of findings will be completed by the end of 2016. The final report will be presented to the Council in June 2017, and the findings will feed in parallel into OPS6.

74. A second, overlapping phase will include a process evaluation of the three integrated approach pilots. This evaluation is currently being designed and will commence in November 2016. Results will be available in June 2017.

¹⁶ The evaluation's approach paper is available at <http://www.gefio.org/evaluations/evaluation-programmatic-approaches-gef>.

B. Multiple Benefits Evaluation

75. The [approach paper](#) of the Evaluation of Multiple Benefits of GEF Support was approved in June 2016. A Reference Group composed of GEF stakeholders at the corporate level and a Peer Review Group comprised of methodological experts in both evaluation and science have been convened to provide feedback and support at critical stages of the evaluation. Project review for the portfolio analysis component was completed at the end of September. Field visits were conducted in the case study countries of Brazil, China, Malawi, and Senegal in September and October. Remote sensing analyses and additional interviews at the corporate level are being conducted in October. While the evaluation focuses on the GEF's portfolio of multifocal area projects, it also looks at outcomes of single-focal area projects by way of comparison for the different methodological components. Initial findings are set to be circulated to the Reference Group and Peer Review Group in December 2016. The final evaluation report will be presented to the Council in June 2017.

C. SCCF Program Evaluation

76. In addition to evaluative work for the GEF Trust Fund, the IEO provides support at full cost recovery to the two adaptation funds managed by the GEF: the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF). The [LDCF evaluation](#) was presented to the Council in June 2016. The IEO is now conducting an evaluation of the SCCF to provide evaluative evidence on progress toward SCCF objectives, major achievements, and lessons learned since the Fund's establishment in response to guidance from the Sixth COP to the UNFCCC meeting in 2001. This evaluation will cover the time frame from the formal establishment of the SCCF up to the 21st LDCF/SCCF Council Meeting in October 2016. The focus will be on progress since June 2011, which was the cutoff date for a previous SCCF evaluation ([GEF/LDCF.SCCF.11/ME/02](#)) presented to the 11th LDCF/SCCF Council Meeting in November 2011. A theory of change has been developed for the Fund, combining the GEF's strategic objectives for adaptation, and the objectives, outcomes, and overarching goal as identified in the results framework of the GEF Adaptation Program, with the SCCF outcome areas as identified by the COP decisions visible in the funded activity windows SCCF-A and SCCF-B. The [draft approach paper](#) has been shared with stakeholders for comment in October 2016. The final SCCF evaluation will be presented at the 22nd LDCF/SCCF Council Meeting in June 2017.

D. OPS6 Cross-Cutting and Safeguards Substudies

77. As part of OPS6, the Office is undertaking several cross-cutting substudies, covering gender mainstreaming, the role of civil society organizations and indigenous peoples' participation, and knowledge management. These substudies will be presented as technical papers and will be an input to the OPS6 report. As an example, the objectives of one of these, the OPS6 Substudy on Gender Mainstreaming in the GEF, are to (1) assess the extent to which the Policy on Gender Mainstreaming has been implemented by means of the Gender Equality Action Plan, (2) review the appropriateness of the policy for the GEF and its implementation in line with international best practices in the field and in relation to gender mainstreaming efforts taking place in other climate finance mechanisms, and (3) assess trends in gender

mainstreaming in the GEF since OPS5. The [draft terms of reference](#) for the substudy are being shared with stakeholders for comment in October 2016.

78. In response to the Council request that the IEO begin its assessment of the Policy on Agency Minimum Standards on Environmental and Social Safeguards after the conclusion of the Pilot on Accrediting GEF Project Agencies ([Joint Summary of the Chairs, 45th GEF Council Meeting, November 5–7, 2013](#)), the Office is carrying out a review of social and environmental safeguards as part of OPS6.

E. OPS6 Substudy on Performance

79. As noted during the June 2016 Council meeting, the Office will not be preparing an annual performance report for FY 2016–17. Instead, the analysis on performance-related issues for this period will be presented in technical papers for OPS6 which will be an input to the main OPS6 report. The performance issues to be covered for OPS6 include project results, co-financing, project supervision, the project cycle, GEF policy impacts, etc. The Office has set a cutoff date for receipt of terminal evaluations for FY 2016–17 as October 31, 2016 (instead of the usual end of the calendar year cutoff). By moving the cutoff date up, the Office will have sufficient time for analysis and timely reporting of the cumulative information on project performance through OPS6. In all, the Office will be reporting on the results of more than 1,100 completed GEF projects. For more than half of these, terminal evaluations were received after completion of OPS5.

F. OPS6 Substudy on Institutional Issues

80. The office is undertaking several substudies addressing important institutional issues. These include a review of the GEF approach to results-based management, knowledge management, resource allocation, the health of the expanded partnership, the governance of the GEF, and resource mobilization. A management action record (MAR) for FY 2016–17 will also be prepared. Since the MAR will not be presented as part of an annual performance report, its key findings will be incorporated in the SAER for the summer Council meeting of 2017 and, in accordance with usual practice, published online.

G. Focal Area Studies

81. Studies in each of the GEF focal areas—chemicals and waste, land degradation, international waters, biodiversity, and climate change—will be included in OPS6. The studies will include a review of the evolution of the focal area strategies over time, a review of the portfolio, an analysis of results and performance using terminal evaluations and case studies, an analysis of coherence with the respective conventions, and lessons learned that would be relevant for GEF-7. All focal area studies will be completed by March 2017.

VI. UPDATE ON OTHER INITIATIVES

A. Knowledge Management

82. In response to findings of the IEO Knowledge Needs Assessment presented to the Council in October 2015 (GEF/ME/C.49/Inf.01), the Office is conducting focal area studies that will develop lessons for GEF-7. Two such studies (the International Waters Focal Area Study and the Value for Money Analysis of GEF Land Degradation Projects) were completed in October 2016 and have been covered in this report. Short knowledge notes based on these studies will be shared broadly with the GEF partnership by December 2016.

83. As part of the initiative to strengthen evaluation capacity development, the IEO continues to deliver a training module on M&E for the GEF country focal points, national convention focal points, GEF Agencies, and civil society organizations that attend regional Expanded Constituency Workshops (ECWs). The module provides participants with a hands-on learning opportunity in the design and implementation of M&E plans and terminal evaluations, and serves as a platform for peer-to-peer learning on project M&E. Training was conducted at five ECWs during the reporting period.

84. The IEO also assists with evaluation capacity development through the International Program on Development Evaluation Training (IPDET) in Ottawa. The IEO workshop on evaluating sustainability, was attended by participants from developing and developed countries and international organizations, including GEF Agencies. The focus of the course was on how the linkages between climate change, natural resource management, poverty, gender, and development can and should be dealt with in evaluations.

85. The IEO continues to maintain strategic partnerships for knowledge exchange on methods and approaches with the Evaluation Co-operation Group of the multilateral agencies (ECG), the United Nations Evaluation Group (UNEG), International Development Evaluation Association (IDEAS). More recently, the Climate Investment Fund and the Office, are partnering on a number of knowledge initiatives through the Climate-Eval platform.

86. The Office has participated in several important conferences and meetings, including the following, to share findings from its evaluations as well as to present methodological innovations:

- (a) The Impact Evaluation of GEF Support to Protected Areas and Protected Area Systems was presented to the Convention on Biological Diversity in Montreal in May 2016 and at the IUCN Congress in Hawaii in September 2016.
- (b) The Evaluation of the GEF–Civil Society Organization Network Evaluation was published and presented at the European Evaluation Society’s Conference in Maastricht in September 2016.

- (c) The IEO shared its experience in the use of new technologies and big data in evaluation on several international platforms. These included the April 2016 meeting of the Development Assistance Committee Network on Development Evaluation in Paris, a seminar at the Development Evaluation Division of Global Affairs Canada in Ottawa in June 2016, and the June 2016 meeting of the Latin America and the Caribbean Monitoring and Evaluation Network (REDLACME) in Santiago, Chile and at MERL Tech in Washington, D.C. October 2016.
- (d) The IEO discussed progress and challenges in the evaluation of environmental and climate change policies at the Forum on Implementing Climate Change Policy Evaluation convened by the National Institute of Ecology and Climate Change in Mexico in May 2016.
- (e) To contribute to resilience measurement, the IEO organized sessions at the European Evaluation Society's Conference in Maastricht in September 2016 and the Environmental Evaluators Network Forum in Copenhagen in September 2016.

87. The redesigned IEO [website](#) has enhanced features to strengthen the transparency and availability of data used in evaluations. For example, it includes an interactive map to display all countries visited for [OPS6](#) thus far. The [data and maps section](#) contains an interactive solution to display terminal evaluation data by country; the online [SCCF evaluation](#) and [APR 2015](#) contain interactive information for users to generate reports.

B. Application of Novel Evaluation Methods

88. As part of the programmatic approaches evaluation, the IEO is piloting “rapid impact evaluation”, a theory-based impact evaluation methodology based on systematic triangulation of expert judgments. RIE seeks judgments from three distinct groups of experts with sound but different knowledge of the decision and intervention and uses the same evaluation metric but different judgment processes.

89. The multiple benefits and programmatic approaches evaluations are using a mix of geospatial and quantitative methods in data collection and analysis. Advanced statistical methods, such as propensity matching analysis, difference in difference, machine learning algorithms, generalized additive models, principal components analysis, and mixed and fixed effects modeling, are used. The focal area studies are using remote sensing and a variety of statistical methods to measure changes in environmental outcomes and the factors contributing to these changes.