

52th GEF Council Meeting
May 23 – 25, 2017
Washington, D.C.

Agenda Item 09

MANAGEMENT RESPONSE TO THE SEMI-ANNUAL EVALUATION REPORT OF THE INDEPENDENT EVALUATION OFFICE

INTRODUCTION

1. The Secretariat welcomes the May 2017 *Semi-Annual Evaluation Report by the Independent Evaluation Office* (IEO) (GEF/ME/C.52/01), which presents the conclusions and recommendations of nine evaluations completed by the IEO during the reporting period from October 2016 to May 2017, including:

- (a) Evaluation of Programmatic Approaches in the GEF,
- (b) Land Degradation Focal Area Study,
- (c) Chemicals and Waste Focal Area Study,
- (d) Evaluation of GEF Engagement with the Private Sector,
- (e) Evaluation of the Impact of GEF Support on National Environmental Laws and Policies,
- (f) Review of GEF Support for Transformational Change,
- (g) Review of Results-Based Management in the GEF,
- (h) Review of the GEF Policy on Minimum Standards on Environmental and Social Safeguards, and
- (i) Evaluation of Gender Mainstreaming in the GEF.

2. The Secretariat is in broad agreement with IEO's conclusions and recommendations, many of which are highly relevant against the backdrop of the GEF-7 replenishment process. This management response considers a few recurrent findings, conclusions and recommendations, along with brief observations on each of the nine evaluations.

RECURRENT FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

3. While the evaluations presented in the May 2017 *Semi-Annual Evaluation Report* span a wide range of topics, from focal area studies to cross-cutting issues and compilations of case studies, the Secretariat sees a common thread focused on the scale and sustainability of impact. Beyond outcome and implementation ratings, IEO frequently points to a need to design projects and programs in ways that maximize their potential to achieve lasting, large-scale positive impacts on the global environment. In its evaluations of programmatic approaches, private sector engagement, policy, legal and regulatory reform, and transformational change IEO also offers concrete suggestions for a more impactful approach.

4. Several of the nine evaluations and studies point to a need to strengthen monitoring and evaluation at all levels, and across all stages of the project cycle. The evaluations also highlight shortcomings in the GEF's information management systems, which constrain the ability of the Partnership to systematically capture, analyze and communicate data and information across the portfolio of GEF projects and programs. The Secretariat recognizes the need for continuous improvement in monitoring, evaluation, results-based management, and information management, and sees these issues as a core dimension of its proposed, institutional and policy agenda for GEF-7.

5. Some evaluations offer valuable insights into the GEF Partnership and the evolving landscape of environmental finance providers that work alongside the GEF. The Secretariat appreciates IEO's efforts to bring elements of comparative analysis into its evaluations, recognizing the growing opportunities for mutual learning among peer institutions, and the growing need for coordination and collaboration. At the same time, some of these comparative analyses raise important questions for further consideration. How should best practice be defined? The evaluations of gender mainstreaming and safeguards appear to refer to best practice or good practice in terms of stated policy objectives. In addition, the Secretariat would welcome further analysis as to whether good policy objectives have been matched by strong performance, and what the GEF can learn from others in this regard. A related question is how to best compare the GEF, with a 26-year track record, against more recently established institutions.

EVALUATION OF PROGRAMMATIC APPROACHES IN THE GEF

6. The Secretariat appreciates IEO's comprehensive evaluation of programmatic approaches, which set out to assess the mechanisms and conditions by which GEF programs have delivered broader-scale and longer-term results by comparing them to stand-alone projects. Applying a mixed-methods approach, including geospatial analysis and country case studies, the evaluation presents a rich overview of the GEF's experience of programs, thereby offering opportunities for learning beyond the Secretariat, the Council and the immediate GEF Partnership.

7. The evaluation finds that child projects under programmatic approaches outperformed stand-alone projects that are not part of programs, leading to the recommendation that the GEF should continue with appropriate programmatic interventions. The Secretariat agrees with the conclusion and recommendation. Programmatic approaches represent a growing share of GEF financing, and – looking forward – programs could serve as a major delivery mechanism in GEF-7.

8. Notwithstanding the relative effectiveness of programs, IEO cautions that the multidimensional nature of programs has generated a greater need for coordination and management, with implications for efficiency, results and performance, and recommends that these issues be carefully addressed in the design and implementation of future programs. The Secretariat finds IEO's recommendation very timely. It sees an urgent need for the GEF to focus its resources on investments that address the drivers of environmental degradation and harness multi-stakeholder partnerships, and agrees that such efforts should be informed by lessons from past, multi-dimensional programs. Indeed, as recognized in the evaluation, recent programs – including the GEF-6 IAPs – have seen greater investment in coordination, communication and knowledge management through dedicated global and regional platforms.

LAND DEGRADATION FOCAL AREA STUDY

9. The Secretariat welcomes IEO's first comprehensive study of the relevance and effectiveness of the land degradation focal area. The study builds in part on the innovative *Value for Money Analysis of GEF Land Degradation Projects* (GEF/ME/C.51/Inf.02), which was addressed in the Secretariat's Management Response to the October 2016 Semi-Annual Evaluation Report (GEF/ME/C.51/02). The evaluation is particularly relevant given the evolving context of the GEF's investments in the focal area, marked by the new global ambition to achieve Land Degradation Neutrality (LDN), and a growing trend towards integrated approaches that pursue global environmental benefits across multiple focal areas.

10. The Secretariat agrees with IEO's recommendations, many of which reflect recent trends in GEF-6 as well as proposed programming directions for GEF-7. The study underscores the growing need to consider complex contextual factors, such as drought, food insecurity and migration, and the importance of identifying and addressing climate-related risks. The recommendation is clearly relevant beyond the land degradation focal area alone. Indeed, the Secretariat's strategy for GEF-7 proposes additional measures to address the linkages between security and the environment, and to systematically identify and mitigate climate and disaster risks across all GEF-financed projects and programs.

CHEMICALS AND WASTE FOCAL AREA STUDY

11. The *Chemicals and Waste Focal Area Study* recognizes the growing relevance of the focal area in the context of Agenda 2030 and the Minamata Convention. The Secretariat appreciates IEO's conclusion that investments in the focal area are aligned with guidance from the conferences of the parties of the Stockholm and Minamata Conventions, and that these support other related agreements, including SAICM, the Basel and Rotterdam Conventions, and the Montreal Protocol.

12. The Secretariat agrees with IEO's recommendation that projects and programs in the chemicals and waste focal area should be designed with clear strategies for scaling up, including – where relevant – enhanced private sector engagement and regulatory reforms. The Secretariat takes note of the need to enhance communication across the GEF Partnership. At the same time, it believes IEO's conclusions should be seen against the backdrop of an unprecedented drop in the projected funds available for programming in GEF-6 against the replenishment target due to exchange rate movements, which is a source of considerable uncertainty in GEF-6 programming. Moreover, the Secretariat believes the study could have benefited from a more careful assessment of the value of a more proactive engagement at the country level.

EVALUATION OF THE GEF'S ENGAGEMENT WITH THE PRIVATE SECTOR

13. The *Evaluation of the GEF's Engagement with the Private Sector* provides a unique overview of the GEF's experience of private sector engagement, exploring the wide array of

different intervention models, financial instruments and entities featured in the portfolio of private sector projects. As such, the evaluation represents a trove of data, knowledge and lessons that can inform the GEF's strategy for private sector engagement in GEF-7.

14. The Secretariat looks forward to the final recommendations of the evaluation, which will be presented at a later stage. In particular, the Secretariat – working together with Agencies and private sector stakeholders – will need to develop more effective ways to seize the growing opportunities for private sector engagement across different focal areas. The Secretariat agrees that operational restrictions, and the introduction of country allocations in particular, have constrained the GEF's engagement with the private sector.

15. Looking forward, the evaluation raises crucial questions regarding the GEF's niche in environmental finance. It concludes that the GEF tends to engage with the private sector predominantly in the context of institutional strengthening as well as policy and regulatory reform, i.e. through "upstream" intervention models that strengthen the enabling conditions for private sector engagement. Building on this strength, and learning from its experience with non-grant instruments, the Secretariat sees two key entry points for private sector engagement in GEF-7: (i) applying a suite of appropriate intervention models to harness the private sector as a critical partner in joint efforts to transform the systems that drive environmental degradation at a global scale, and (ii) offering dedicated funding opportunities to catalyze greater private sector investment in technologies, approaches and practices that help safeguard the global environment.

EVALUATION OF THE IMPACT OF GEF SUPPORT ON NATIONAL ENVIRONMENTAL LAWS AND POLICIES

16. The Secretariat welcomes IEO's deep-dive into projects that support environmental policy, legal and regulatory reform. It agrees with the conclusion that strong environmental laws are essential to safeguarding the global environment, and can help GEF projects and programs achieve more sustainable impacts at a larger scale. The Secretariat also appreciates the lessons captured through IEO's case studies, which underscore the need for a careful design of activities aimed at policy, legal or regulatory reform, based on realistic expectations and clearly defined objectives supported by rigorous monitoring and evaluation.

17. With respect to the recommendation that the GEF should "develop and implement projects or specific program components that focus solely on legal and/or policy reforms [rather] than embedding work on legal reforms in a component of a project", experience suggests that approaches and delivery mechanisms should be carefully tailored to each context. Whereas targeted investments in legal and/ or policy reforms may be effective in certain circumstances, the Secretariat sees policy, legal and regulatory reforms as part of a broader toolkit of intervention models that are often best applied in combination rather than in isolation of each other.

REVIEW OF GEF SUPPORT FOR TRANSFORMATIONAL CHANGE

18. Similar to the evaluation on laws and policy, the Secretariat finds IEO's *Review of GEF Support for Transformational Change* tremendously valuable as a source of lessons and best practice. The proposed strategy for GEF-7 is predicated on the assumption that the GEF is not fully harnessing its ability to achieve deep, systemic, and sustainable change with large-scale, positive impacts on the global environment.

19. The Secretariat agrees that the "drivers of change" identified in the review could form the basis of a more strategic, ex ante assessment of the potential of future projects and programs to achieve transformational change, and it intends to draw on IEO's work as it continues to elaborate the proposed programming directions for GEF-7.

REVIEW OF RESULTS-BASED MANAGEMENT IN THE GEF

20. The Secretariat appreciates IEO's review of results-based management (RBM), which comes at an important time for the GEF Partnership. As recognized in the review, RBM has been a key area for internal reform in GEF-6, and further work is required to put in place an effective, fit-for-purpose results architecture for GEF-7. Accordingly, the Secretariat agrees broadly with IEO's recommendations and is in the process of addressing many of these.

21. With respect to the recommendation to "incorporate the relevant SDG indicators in its results framework for GEF-7", the Secretariat agrees that a future results framework should make explicit any linkages to relevant goals, targets and indicators under Agenda 2030. At the same time, the SDG indicators are often designed to be tracked at the national level and may therefore not be directly applicable to GEF projects and programs.

REVIEW OF THE GEF POLICY ON MINIMUM STANDARDS ON ENVIRONMENTAL AND SOCIAL SAFEGUARDS, AND

22. The Secretariat welcomes the first review of its minimum standards on environmental and social safeguards. It welcomes the conclusion its safeguards "have added significant value to the GEF Partnership, serving as an important catalyst among many GEF Agencies to strengthen existing safeguard policies and, in a number of cases, to adopt comprehensive safeguard policy frameworks".

23. Recognizing the evolution of safeguard frameworks over the past decade across the GEF Partnership and beyond, the Secretariat agrees with IEO's conclusion that the time has come to review the GEF's minimum standards, and it appreciates the review's identification potential gaps to be addressed. On the other hand, the review does not offer a definition of good safeguard practice, and it is not entirely clear to what extent the thematic gaps identified in the GEF's minimum standards are reflected in the actual management of relevant environmental and social risks across the GEF portfolio.

24. The Secretariat notes IEO's recommendation to improve safeguards monitoring and reporting. Aside from citing the policies and practices of other similar institutions, however, the review does not clearly weigh the potential costs and benefits of adding such a layer of monitoring and reporting.

EVALUATION OF GENDER MAINSTREAMING IN THE GEF

25. The *Evaluation of Gender Mainstreaming in the GEF* presents a comprehensive assessment of the GEF's performance on gender mainstreaming and the appropriateness of its current Policy (SD/PL/02). The evaluation draws on a quality-at-entry review as well as a review of completed projects, combined with interviews, field visits, and a meta-analysis of Agencies' gender mainstreaming policies, strategies and action plans.

26. The Secretariat agrees broadly with IEO's conclusions and recommendations. It has recently initiated a process to review and revise its current Policy by the end of 2017, and it welcomes IEO's input into this process. In Particular, it agrees that an updated Policy on gender should introduce clearer requirements, particularly with respect to gender analysis, and should clarify the expected roles and responsibilities of the Agencies and the Secretariat.

27. The Secretariat appreciates IEO's overview of best practice across and beyond the GEF Partnership. The evaluation does not clearly address, however, whether and to what extent the policies and standards that can be considered best practice have in fact contributed towards improved performance on gender across projects and programs. Indeed, the five criteria applied to assess the appropriateness of GEF's Policy are not used to define best practice, or to compare the GEF with other institutions.