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Agenda Item 09

**SEMI-ANNUAL EVALUATION REPORT OF THE
INDEPENDENT EVALUATION OFFICE: NOVEMBER 2017**

(Prepared by the Independent Evaluation Office of the GEF)

Recommended Council Decision

Regarding the Semi-Annual Evaluation Report of the Independent Evaluation Office.

The Council, having reviewed the “Semi-Annual Evaluation Report of the GEF Independent Evaluation Office: November 2017,” endorses the recommendations of the individual evaluations included. The Council takes note of the OPS6 recommendations and advises the GEF Secretariat to address them in programming for GEF-7.

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EXECUTIVE SUMMARY

1. This Semi-Annual Evaluation report summarizes the key conclusions from the nine evaluations completed between June 2017 and November 2017, provided in full in the information documents listed below. The document also includes the conclusions and the recommendations of the final draft of the Sixth Comprehensive Evaluation of the GEF (OPS6), and an update on the knowledge management activities of the Office.

- GEF/ME/C.53/Inf.01, Draft Final Report of the Sixth Comprehensive Evaluation of the GEF (OPS6)
- GEF/ME/C.53/Inf.02, Climate Change Focal Area Study
- GEF/ME/C.53/Inf.03, Biodiversity Focal Area Study
- GEF/ME/C.53/Inf.04, Evaluation of the Integrated Approach Pilots
- GEF/ME/C.53/Inf.05, Evaluation of Multiple Benefits
- GEF/ME/C.53/Inf.06, Project Performance and Progress to Impact
- GEF/ME/C.53/Inf.07, Review of GEF's Engagement with Indigenous Peoples
- GEF/ME/C.53/Inf.08, Review of Knowledge Management in the GEF
- GEF/ME/C.53/Inf.09, Review of the Comparative Advantage, Financing, and Governance of the GEF Partnership
- GEF/ME/C.53/Inf.10, Review of the System for Transparent Allocation of Resources

I. INTRODUCTION

1. This Semi-Annual Evaluation Report (SAER) presents a brief summary of the main conclusions and recommendations of the evaluations completed by the IEO during the reporting period June 2017–October 2017. These include the Sixth Comprehensive Evaluation of the GEF (OPS6) and nine component evaluations including—Climate Change and Biodiversity focal area studies, Formative Evaluation of the Integrated Approach Pilots, evaluation of Multiple Benefits, Project Performance and Progress to Impact, Review of GEF’s Engagement with Indigenous Peoples, Review of Knowledge Management in the GEF, Review of the Comparative Advantage, Financing, and Governance of the GEF Partnership, and the Review of the System for Transparent Allocation of Resources. The proposed Council decision pertaining to the recommendations of the evaluations and OPS6 is also included, as well as a brief update on the knowledge management activities of the IEO. The full evaluation reports of the OPS6 and the nine other evaluations are included as information documents. The main findings and recommendations of the draft of OPS6 were presented at the GEF replenishment meeting in October 2017, and the comments received have been addressed in the information document on OPS6.

II. COMPLETED EVALUATIONS

A. The Sixth Comprehensive Evaluation of the GEF (OPS6)

2. The Sixth Comprehensive Evaluation of the GEF (OPS6) aims to provide solid evaluative evidence to inform the negotiations for the seventh replenishment of the GEF. The objective of OPS6 is to evaluate the extent to which the GEF is achieving the objectives set out in GEF-6 (2014–18), and to identify potential improvements going into GEF-7. This report also assesses the relevance of the GEF in today’s changing landscape for environmental finance. OPS6 is based on the findings of 29 evaluations and studies, conducted by the Independent Evaluation Office (IEO) of the GEF over the past three years, all of which have been completed (Annex 1). The evaluations employ a variety of qualitative and quantitative approaches, including geospatial analyses and field visits to 43 countries across all GEF regions. OPS6 also draws on the terminal evaluation reviews of 1,184 completed GEF projects and covers the full GEF portfolio of 4,433 approved projects from the pilot phase through the end of June 2017.

1. Quality Assurance

3. Quality assurance for OPS6 has been provided by a team of five senior independent evaluation advisers: Hans Bruyninckx, Holly Dublin, Osvaldo Feinstein, Sunita Narain, and Kazuhiko Takemoto. They have evaluated the quality of the report, and the extent to which the conclusions and recommendations are based on the evaluative evidence.

The main conclusions are:

4. **The changing landscape for environmental finance presents an opportunity for the GEF to build on its comparative advantage and make strategic choices.** The GEF is the principal financial mechanism for the Convention on Biological Diversity, the United Nations Framework Convention on Climate Change, the Stockholm Convention on Persistent Organic Pollutants, the

United Nations Convention to Combat Desertification, and the Minamata Convention on Mercury. Its focal area strategies have responded appropriately to the evolving needs of these conventions. The GEF also funds projects in international waters and sustainable forest management that support the implementation of a number of global and regional multilateral environmental agreements. As the financial mechanism for the Convention on Biological Diversity, the GEF is seen as a significant and reliable resource for funding for biodiversity, which attracts relatively few other funds. For its other focal areas—including international waters, land degradation, and chemicals and waste—the GEF is the only global financial mechanism.

5. The establishment of new funding sources such as the Climate Investment Funds (CIF), the Green Climate Fund (GCF), the Asian Infrastructure Investment Bank, and the New Development Bank is an opportunity for the GEF to expand its presence in focal areas not covered extensively or at all by other funds and/or where the GEF has a comparative advantage. Sources of comparative advantage for the GEF include its ability to address interlinkages and synergies across focal areas, implement policy and regulatory reforms in countries to create an enabling environment that attracts investment, implement innovative financing models and risk-sharing approaches, and support lower-income countries and small island developing states.

6. **The GEF has a strong track record in delivering overall good project performance, being catalytic, and driving transformational change.** Seventy-nine percent of the OPS6 project cohort had satisfactory outcomes, with regional variations ranging from 74 to 88 percent. Project design—including objectives, institutional arrangements with government, and monitoring and evaluation (M&E) design—quality of implementation, quality of execution, and level of materialized co-financing are the strongest drivers of performance. Sustainability of outcomes is the greatest challenge in GEF projects, and only 63 percent of the OPS6 project cohort was rated as having outcomes that were likely to be sustained—this was primarily a reflection of weak financial sustainability.

7. The GEF has played a catalytic role in more than half the OPS6 cohort projects and supported transformational change primarily through mainstreaming and replication; scaling-up and market transformation/change have had limited success. Analysis shows that transformational change occurs where projects aspire to drive change; market barriers are addressed through sound policy, legal, and regulatory reforms; private sector engagement is encouraged through targeted capacity building and financial incentives; and mechanisms are put in place for future financial sustainability through the market, government budgets, or both.

8. **With their emphasis on integration, programmatic approaches and multifocal area projects are relevant in addressing drivers of environmental degradation; however, complex program designs have implications for outcomes, efficiency, and management.** The GEF has appropriately chosen to focus on integrated programming through technically coherent multifocal programs alongside single focal area projects. Multifocal area projects are best suited when the environmental issue affects multiple focal areas, is caused by drivers linked to multiple focal areas, and when issues linked to multiple focal areas occur within the same

geographical unit. Findings from evaluation of programmatic approaches suggest that child projects under programs perform somewhat better than stand-alone projects, but that outcome performance can decline with increased program complexity. Multifocal area projects and complex programs are associated with increasing cost inefficiencies, unless they are well managed and executed with commensurate on-the-ground implementation capacity.

9. **The recently undertaken integrated approach pilots (IAPs) are relevant to the environmental issues they address and the countries/cities in which they are located, and have been designed for long-term sustainability. Additionality needs to be demonstrated and process issues require attention.** The IAPs demonstrate attention to coordination, coherence in objectives between the program framework and child projects, innovative knowledge components, relevant selection of countries and cities, Agency selection based on comparative advantage, and well-designed M&E frameworks. The inclusion of these elements reflects lessons learned from previous programmatic interventions. A few shortcomings in IAP design have been observed, however. Targets need to be better specified and measured, and program additionality over a set of discrete focal area projects needs to be demonstrated. There have been some inefficiencies caused by delays in designing and launching the IAPs, in part because the GEF project cycle policy has not been explicit regarding the application of standards to child projects. Finally, the selection process of countries and Agencies has not always been transparent, or communicated effectively. It is too early to assess the performance of these pilots, as they are in early stages of implementation. Findings from earlier programmatic approaches indicate the importance of good implementation and effective management of complexity.

10. **The GEF Gender Mainstreaming Policy has advanced the GEF's efforts to strengthen gender mainstreaming in GEF programming and operations in a more systematic manner, though more remains to be done.** Since implementation of the policy, gender consideration in project documentation at the point of Chief Executive Officer project endorsement/approval rose from about 57 percent to almost 98 percent. The GEF Gender Partnership is slowly developing into an effective platform on which to build a wider constituency on gender and the environment, providing a forum for leveraging the broad range of member skills and experiences on gender equality and women's empowerment. The policy stops short of providing a compelling rationale for why gender matters in environment-focused interventions. It also does not provide a rationale as to how the inclusion of gender equality in environmental projects would generate benefits beyond effectiveness and efficiency. Moreover, the policy does not reference the gender-related mandates or decisions of the five conventions the GEF serves. Even though gender performance has improved since the introduction of the policy, only about 14 percent of projects at entry included a gender analysis, which is integral to mainstreaming.

11. **The GEF policies and guidance on safeguards and indigenous peoples have advanced the GEF's efforts in these areas; gaps exist in the policy frameworks relative to good practice in partner Agencies and in implementation.** The adoption of the GEF Policy on Agency Minimum Standards on Environmental and Social Safeguards has prompted several Agencies to develop or revise their own safeguard systems. By design, these improvements have occurred principally during the accreditation process for new Agencies and compliance review for

existing Agencies. Gaps exist in the framework in relation to recent updates made in GEF partner Agencies, and there is no guidance regarding ongoing reporting or monitoring on safeguard-related issues during project implementation. Most GEF Agencies comply with the obligations specified under GEF Minimum Standard 4: Indigenous Peoples. These principles and guidelines reinforce GEF policies toward indigenous peoples, but lack practical guidance on project design and indicators, or a list of requirements that could aid in operationalizing the minimum standard and other relevant GEF policies.

12. GEF financing has been constrained by exchange rate volatility, fragmentation in donor funding, and impediments to scaling-up non-grant instruments. Although donors have delivered on funding commitments, during GEF-6, the GEF encountered about a 15 percent shortfall in available financial resources due to foreign exchange volatility. The GEF has no financial mechanism available to it, such as hedging, to manage these risks. This lack has had detrimental effects on the amount of funding available for GEF-6 projects; some projects could not proceed due to the funding shortage, which particularly affected a number of countries' System for Transparent Allocation of Resources (STAR) allocations.

13. Uncertainty and fragmentation in donor funding due to competing demands places additional pressure on the GEF going into the next replenishment, necessitating a focus on innovative approaches. The non-grant pilot established in GEF-6 enables GEF financing to be used in products and mechanisms that have the potential to generate financial returns. It has been routinely used by partner multilateral development banks to raise financing for their projects. For non-grant instruments to be scaled up in the GEF will require in-house capital markets expertise to originate/structure non-grant instruments and sufficiently large transactions to make the use of non-grant instruments attractive, particularly to the multilateral development banks.

14. Operational restrictions and lack of awareness of the GEF have resulted in limiting or not fully realizing the potential for successful engagement with the private sector. While there is general agreement across the partnership that the GEF needs to raise private sector investment and financing, only about 43 percent of survey respondents agree that the GEF's ability to engage the private sector is a comparative advantage—in large part, because operational restrictions constrain the GEF's ability to engage with the private sector. There is also a misperception about the role of the private sector as a source of financing versus a partner in promoting environmental sustainability more broadly. Set-asides have been a primary modality through which engagement with the private sector has taken place, first with the Earth Fund platform and then the private-public partnership platform in GEF-5 and the nongrant pilot in GEF-6. The fragmented nature of these interventions, combined with the limitations of the STAR allocation framework, often means that private sector innovation is not easily reconciled with country ownership and national strategies and priorities. The GEF project cycle, processes, timelines, staff capacity, and required documentation are also mismatched with private sector expectations and approaches.

15. In addition, GEF country clients and private sector stakeholders lack awareness of the opportunities for engagement with one another; and the GEF's position, processes, and role are insufficiently clear to the private sector. For their part, GEF country recipients have varying

degrees of knowledge of the role of the private sector in green finance, in accessing funds beyond the usual GEF grant instruments, or in opportunities for engaging in areas beyond finance. Interviews reveal that private sector respondents expect more clarity to help them better prepare for cooperation with the GEF, and see a distinct role for the GEF where conditions are still not ripe for investment through its long-term regulatory and policy interventions.

16. Overall, the GEF partnership is well governed; concerns continue to exist on matters related to representation, efficiency, accountability, and transparency. Seventy-three percent of survey respondents note that the GEF is effectively governed overall, and representatives of all stakeholder groups indicate that the governance structure has served the GEF reasonably well. Council members are engaged; and there is a high level of trust and goodwill, and a sense of common purpose. However, the GEF Instrument and current rules of procedure do not fully and accurately reflect the way in which the partnership is actually functioning. There is no clarity on the participation of observers and Agencies at Council meetings. The GEF–Civil Society Organization Network continues to be relevant and contributes to policies at Council meetings, but there are no guidelines to manage the risks about potential conflict of interest situations associated with having several civil society organizations serve simultaneously as GEF Agencies and network members—often with field offices that are also members.

17. The GEF Council has enabled good regional balance, but—unlike other partnerships—has not delegated decision making to committees, a practice that has the potential to increase efficiencies in decision making. A major difference between the governance of the GEF and that of six comparator organizations is the absence of an independent chair.

18. The GEF continues to be a transparent organization in terms of its governance, but is less so in terms of its operational management. Only half of stakeholder respondents to a survey on GEF governance believe that the Secretariat’s decision making is appropriately transparent. While acknowledging the practical difficulties entailed in explaining all Secretariat decisions within an expanded partnership, concern was expressed by all groups of stakeholders on inadequate clarity and communication of programming decisions, project review criteria, project selection, the initial preparation of the IAPs in GEF-6 and the early stages of development of the GEF-7 Impact Programs. During interviews, concerns were raised on the transparency of Agency selection by country operational focal points, with projects being awarded to Agencies based on their country presence and not necessarily their comparative advantage.

19. Some progress has been made with regard to the GEF’s Project Management Information System (PMIS), results-based management system, and knowledge management. As pointed out in several evaluations by the Independent Evaluation Office, the availability and quality of information provided by the PMIS is an area of major concern, which primarily stems from information being manually entered and not updated with any regularity. The upgrade of the system planned prior to the launch of GEF-7 should help address the need for accurate and up-to-date information.

20. The GEF's results-based management system has played a strong role in supporting accountability, reporting, and communications; and provides information for two key instruments of regular reporting to the Council: The Annual Portfolio Monitoring Report and the Corporate Scorecard. Nonetheless, the GEF is still tracking too much information, with little focus on impacts. As designed, the system does not provide useful feedback on Agency performance or enable the articulation of lessons drawn from good practices. An important issue is the limited availability of M&E evidence that demonstrates the value added or additionality of a program over a set of projects.

21. During GEF-6, an increased emphasis has been placed on knowledge management, and an action plan has been developed for implementation. The knowledge generated and shared by GEF projects is useful, but it is inconsistently integrated in repositories—thereby limiting accessibility. Two-thirds of surveyed stakeholders reported having used knowledge produced by the GEF, particularly in technical and strategy documents, as an input into the design of their own environmental programs and projects; for awareness raising; or in the formulation of national environmental policies, strategies, laws, and regulations. But access to information has been difficult. Compared to similar partnership organizations, the GEF has placed less emphasis on knowledge management at the program/project level; developing technical solutions to manage knowledge; developing a systematic approach to its knowledge management products; or linking creators of knowledge with users through facilitating access, transfer, and sharing.

The recommendations for OPS6 are at a strategic level and are intended to inform future directions for the GEF.

22. **Strategic positioning.** The GEF is operating in a changing world and should build on its position in addressing drivers of environmental degradation. It should enhance its efforts in the biodiversity, international waters, chemicals and waste, and land degradation focal areas, where there are limited sources of financing and few players with the GEF's depth of knowledge and experience. Within climate change, the GEF needs to sharpen its focus. Based on its comparative advantage and experience, the GEF should place continued emphasis on its work with the enabling environment and legal, policy, and regulatory measures to support market transformation. The GEF should also continue to emphasize innovative projects in its climate change mitigation, LDCF, and SCCF portfolios; and in piloting and demonstrating technologies and financial approaches that could be scaled up by other actors. The GEF should explore its potential to be an incubator for countries to test and refine their approaches prior to seeking large-scale finance through other partners.

23. **Promoting transformational change.** To drive transformational change in any focal area, the GEF will need to further its efforts in designing for transformation. This would require adoption of systems approaches and addressing drivers of environmental degradation, promoting policy and regulatory reform and building institutional capacity in recipient countries. It would also require working with financial institutions to de-risk investment, develop structured finance deals, and demonstrate how to engage markets. Ex ante assessments of the potential for transformation based on clear criteria should be completed for projects at the design stage.

24. **Continuing focus on integration based on additionality.** The GEF should continue pursuing an integrative principle in its programming based on scientific and technical merits. A strong, cogent rationale for designing integrated programs and multifocal area projects—based on demonstrated additionality, GEF experience, GEF comparative advantage, innovative contributions, environmental need, and national relevance—must be the basis for such interventions.
25. **Improving financial risk management.** To complement its financial resources, and to implement recent mandates including the Paris Agreement, the Minamata Convention on Mercury, and the Nagoya Protocol, the GEF should consider expanding the number and variety of donors from both Organisation for Economic Co-operation and Development (OECD) countries and middle-income countries, including sub national states/provinces, that have not previously contributed and are increasingly in a position to do so. To secure its existing financing, the GEF should implement foreign exchange risk management within the parameters of the GEF Instrument, and/or as otherwise legally allowed to manage volatility.
26. **Engaging the private sector.** The GEF will need to adapt its strategy to improve its engagement with the private sector. Specifically, the private sector should be viewed more broadly than just as a source of financing. There are various opportunities to engage the private sector in areas other than finance. For example, the GEF can affect industry practices by facilitating certifications and research, as well as changing sourcing and production practices along the supply chain. Where conditions are not ripe for investment, such as in biodiversity conservation, long-term regulatory and policy intervention by the GEF can help to catalyze private sector investment.
27. **Promoting gender equality.** In revising the Policy on Gender Mainstreaming, the GEF Secretariat needs to align the policy more closely with international gender mainstreaming good practice standards. The new policy should include a comprehensive results or accountability framework, with requirements for the GEF Secretariat to track and assess progress against any performance targets or benchmarks. Roles should be clearly assigned to oversee progress and to report on obligations to senior management.
28. **Reviewing and revising safeguard policies.** The policy on safeguards and rules of engagement with indigenous peoples should be reviewed for gaps against good practices and updated accordingly. Implementation of these by the GEF Agencies, and subsequent monitoring, will be required to assess gaps in compliance and the need for follow-up actions by the GEF.
29. **Strengthening operational governance.** Operational governance must be strengthened across the partnership. Ground rules for cooperation among Agencies must be established to support the implementation of multifocal area efforts and the expansion of programs. The GEF Secretariat should develop and clearly communicate the criteria for program selection and design. Similarly, the selection of Agencies by country governments should be based on clear criteria and comparative advantage. Addressing the potential for conflicts of interest arising from the overlapping roles between implementing and executing Agencies—including international civil society organization partner Agencies—is imperative.

30. **Improving systems for data, monitoring, and knowledge.** GEF systems for project management information, results, and knowledge must be further strengthened to enable the GEF to demonstrate its results and serve the needs of the partnership for learning. The PMIS should be able to provide timely and accurate project information, the M&E system should capture good quantitative data on performance indicators with a focus on impacts, and the knowledge management system should provide a good repository of information to draw on in improving project design, implementation, and monitoring.

B. Individual Evaluations

1. Climate Change Focal Area Study

31. This study provides the first comprehensive look at the relevance, results, effectiveness, and lessons learned of the GEF's activities in the climate change focal area since 2004. The review was based on terminal evaluations of Climate Change Mitigation projects, field visits to Morocco and Thailand, and in-depth interviews with a broad range of stakeholders.

The main conclusions are:

32. **GEF climate change support has been highly relevant to UNFCCC guidance and continues to be relevant in today's context.** The GEF-6 Climate Change Focal Area Strategy is responsive to guidance from the Convention, and the GEF-6 climate change portfolio is well aligned with Convention guidance and the GEF CCM objectives. GEF climate adaptation activities—through the LDCF and SCCF—are, for the most part, also highly relevant to UNFCCC guidance and decisions. The GEF has also been notably responsive to COP guidance issued after the finalization of the GEF-6 Strategy. In particular, the new CBIT Trust Fund was established just one year after the request from COP-21. The GEF's continuing relevance was further confirmed by the international community in late 2015, when the GEF, along with the GCF, was requested to serve as financial mechanism for the Paris Agreement.

33. **GEF's climate change portfolio offers clear comparative advantages within the global climate finance landscape, but there is a need to further articulate and promote these.** The GEF's distinguishing features include: its flexible grant financing; its focus on the enabling environment to support scaled up climate investment; its emphasis on demonstrating technologies and financial approaches, including innovative and risk-sharing approaches; its ability to fund integrated projects across environmental issues; its experience; and its support to help countries meet their Convention obligations. External analyses have identified potential niches for the GEF—and these were agreed by key stakeholders interviewed—in focusing on upstream activities to develop supportive conditions for broader climate investment (e.g., through policy work and capacity building), as well as piloting innovative and riskier approaches that, if successful, could be taken up by other funds, such as the GCF.

34. **Most GEF climate change projects have shown some evidence of catalytic effects; the most common catalytic effect was mainstreaming (primarily through policy or regulatory reform) and the least common was scaling up.** About 70 percent of closed projects analyzed showed evidence of progress toward impact through mainstreaming, which takes place when

information, lessons, or specific results of GEF interventions are incorporated into broader stakeholder mandates and initiatives such as laws, policies, regulations, or programs. Performance was less strong for replication, scaling up, and market changes at about a third of the projects. Broader sector and economic issues—such as energy subsidies—have been constraints to the broader adoption of the approaches demonstrated by GEF activities. Projects demonstrating a high level of progress toward impact are those that have adopted comprehensive approaches to address market barriers and specifically targeted supportive policy frameworks, and have frequently secured follow-on funding from the GEF or other multilateral or bilateral donors. LDCF and SCCF projects had similar results and were found to be catalytic in generating social, economic, cultural, and human well-being co-benefits.

35. The GEF has an important role to play in strengthening the enabling environment for scaling up public and especially private climate investment. Significant impact can be leveraged through capacity building and policy activities, as a recent impact evaluation of GEF CCM support in China, India, Mexico, and Russia found. GEF support has been limited but critical for development of energy policies and laws in some countries, primarily in the areas of energy efficiency (e.g., certification, standards, and labeling) and renewable energy (e.g., feed-in-tariffs). The GEF's impact on policy and regulatory reform has been most visible in countries with high levels of ownership among government and other stakeholders.

36. The majority of GEF projects show evidence at project closure of outcomes that should lead to GHG emission reductions; however, a significant proportion of projects either fall short of their emissions target or estimate at closure that no emission reductions will be achieved. The terminal evaluation review found that 20 of 52 of projects exceeded their direct GHG emission reduction targets; 12 projects fell short; and another 20 did not have information available to evaluate their achievement against targets. A sizeable number of GEF projects may not be achieving their expected emission reductions. In addition, missing and inconsistently reported information is a limiting factor in analyzing performance against targets. To date, the GEF has not systematically tracked or reported estimated emission reductions achieved at the time of project closure.

37. Activities funded by other focal areas and initiatives, along with MFA projects, are poised to deliver significant global environmental benefits (GHG emission reductions) that may be greater than those achieved by activities financed by the climate change focal area alone. Stand-alone projects in the climate change focal area are only a third of the total expected GHG emission reductions from the GEF-6 portfolio. Significant contributions are also expected from sustainable forest management and other focal areas, as well as the integrated approach pilots, pushing anticipated GHG emission reductions well above the target for GEF-6. Climate change priorities have also increasingly been addressed through multi-focal area (MFA) projects. Over time, the GEF CCM portfolio has shifted towards more multifaceted projects with holistic approaches and more than 40 percent of approved projects in GEF-6 seek to enhance synergies across focal areas, mostly through integrated urban management and mitigation-adaptation activities.

The main recommendations are:

38. **The GEF should place continued emphasis on its work on the enabling environment, and innovative projects in climate change mitigation to support market transformation.** The GEF should continue to focus on piloting and demonstrating technologies and financial approaches that could be scaled up by other actors. The GEF should explore its potential to be an incubator for countries to test and refine their approaches prior to seeking large-scale finance through other partners. These are areas where the GEF has shown strong results and a comparative advantage. The GEF should also continue to emphasize innovative and cutting edge projects in its LDCF, and SCCF portfolios, to advance climate change adaptation knowledge and practice.

39. **The GEF Secretariat should take measures to ensure reporting against GEB targets.** To understand what past results have been achieved, the GEF Secretariat and the Agencies should ensure post-completion reporting against GEB targets, specifically GHG emissions mitigated.

2. Biodiversity Focal Area Study

40. As part of OPS6, the IEO has undertaken two sub-studies of the Biodiversity Focal Area – a) evaluation of the GEF funded projects on Access and benefit sharing (ABS) and the Nagoya Protocol (NP), and b) a study to assess GEF support to address illegal wildlife trade through the GEF Global Wildlife Program. These two sub-studies are the first studies conducted by the IEO on these themes. The Impact Evaluation of the GEF Support to Protected Areas (PAs) and PA Systems completed in October 2015. The Evaluation of GEF support to biodiversity mainstreaming, will be presented to the Council in June 2018.

Access and benefit sharing and the Nagoya Protocol

41. This sub-study is part of the Biodiversity focal area study undertaken by the IEO to assess the relevance, ex-ante quality of monitoring and evaluation, and the design aspects of GEF projects on access and benefits sharing (ABS).

42. The GEF provided assistance to promote the NP's early entry into force, and supported the development and coordination of international infrastructure and mechanisms for its implementation. Although the target date for entry into force was not met, the NP entered into force quite rapidly as compared to other international instruments. One of the most important, innovative and effective aspects of GEF support to ABS projects, is its work toward enabling and supporting the development of the ability and willingness of provider-side countries to identify and develop promising genetic resources or elements of Associated Traditional Knowledge (ATK). Many of these projects are active at the local level, helping to establish domestic-level partnerships or farmers' alliances and to build capacity that will enable them to represent (indigenous peoples and local communities (ILCs) in negotiations with users. Gender considerations were directly addressed in all project preparatory documents and approvals, however, in several projects these issues have not been tracked.

The main conclusions are:

43. **Project designs may be “overpacked.”** Virtually every project includes activities and/or outcomes for each of the three elements of the GEF’s ABS strategy. An effective ABS strategy includes steps for legislative development, domestic research and development and compound identification, development of national ABS contracts, and protection of and benefit sharing for indigenous and local communities, which need to be implemented progressively. While activities such as awareness raising may be done in parallel, a clear legislative framework is a precondition for other interventions to yield effective ABS.

44. **Issues with capacity building.** The most effective institutional/professional capacity-building happens where properly chosen national counterparts are active in the framework development and agreement notification processes, and this does not happen in practice owing to lack of availability of expertise.

45. **Complexity and individual uniqueness of each ABS situation.** The complexity and individual uniqueness of each ABS situation is sometimes not sufficiently recognized. When countries with less advanced national ABS frameworks attempt to use examples from countries with highly developed national ABS frameworks as models, they have found that the draft instruments and procedures prepared are not consistent with their legislative and administrative requirements for adoption.

The main recommendations are:

46. **Address practical sustainability questions more directly.** The goal of project sustainability – nationally sustainable governmental ABS frameworks and the capacity to implement them domestically- relies on attention to the key factors directing national support. It will be essential for national government legislators to recognize the need of a budget allocation to run the processes associated with the implementation of the Nagoya Protocol. Monetary and non-monetary benefits accrued by private or public entities could be supporting activities not associated with the administrative process, including technology transfer and public awareness. Notable progress toward proving sustainability in this way has been achieved in some projects which are focusing on direct development of national capacities to utilize and add value to domestic Genetic Resources (GR) and ATK. This approach can be effectively scaled to each country’s needs and capabilities, and to building on that country’s capacities. Project designs should include plans for future sustainability.

47. **Focus on technical and professional capacity-building in addition to increasing general and generic awareness.** The building of “true” capacity, within the relevant governments and participating users at technical and professional levels needs to be sufficient that those parties will rarely need to seek further external assistance. In this connection, it is necessary to ensure that activities reach the intended audience in a form and at a level that they can absorb and use; that designated “capacity-building” activities do not ultimately become generic awareness raising; and that, where awareness raising is conducted, it is carefully targeted to address present needs with regard to project sustainability (parliamentary and minister-levels), and project activities (specific communities involved in the project) The above-mentioned trend in

building national capacity to directly utilize domestic GR and ATK clearly points the way in this recommendation as well.

48. **Adopt a tailored country-specific approach in projects.** Interventions and the timing for their implementation should be tailored to be consistent with the national importance, relevance and capacities for ABS. The inclusion of too many interventions into a single project could undermine or minimize the long-term value of premature work done on interventions that are required at a later stage.

49. **Maximize the earliest possible availability of project lessons, experiences and outputs.** Evaluation planning and implementation should place greater emphasis on earlier evaluation components, such as, for example, reviewing and challenging PIRs and other internally developed reports more closely, providing clearer reporting/data standards, and calling for and executing externally conducted mid-term reviews more often. Such timely collected information made more readily available, as soon as possible, as a guide for other projects and future project design. Where possible, project outputs should be accessible, to maximize the body of ABS related technical information available.

Addressing illegal wildlife trade through the GEF Global Wildlife Program

50. This study formatively assesses GEF's effort to combat illegal wildlife trade (IWT) through the Global Wildlife Program, and the 20 country-specific "child projects" associated with that program.

51. The GWP, launched in 2015, is the GEF's first concerted effort to address illegal wildlife trade in a coordinated and comprehensive manner. The GWP is multifocal and involves four GEF Agencies— the Asian Development Bank, the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), and the World Bank (as lead) across 19 countries in Asia and Africa. Funding comes from participating countries' STAR allocations and a sustainable forest management set-aside. Designed to be implemented over a period of seven years, the \$131 million GWP aims to address supply, trafficking, and demand of illegal wildlife products through 20 child projects in Asia and Africa, including one global coordination and knowledge management grant.

The main conclusions are:

52. **The GWP is relevant to GEF-6 Biodiversity Strategy priorities.** The program aims at preventing the extinction of known threatened species by focusing on reducing the rates of poaching of rhinos, elephants, and other threatened species, and increasing arrest and conviction rates within participating countries. It also caters to other biodiversity programs and objectives, such as those related to protected areas, sustainable use and biodiversity mainstreaming efforts. Through country-led child projects, the program responds to the objectives of other focal areas such as land degradation, climate change and sustainable forest management. The program is relevant to advancing core goals of the Convention on Biological Diversity – including the Aichi Targets, and the goals of Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

53. **Gaps in geographic and species coverage remain; focus is mainly on single country projects.** No countries from the Latin America and the Caribbean region have been included so far, even though substantial illegal wildlife trade occurs within the region. The gaps in coverage reflect the fact that the GWP emerged from concerns focused on the plight of charismatic megafauna—specifically the trafficking of elephant ivory, rhinoceros horn, and large cats. With the exception of the global grant, all the child projects under the GWP are for a single country. Cross-boundary issues must be addressed, as illegal wildlife trade is by nature international, and the techniques that are effective in combating the trafficking of other illicit goods must be employed.

54. **The GWP has an appropriately comprehensive theory of change to address illegal wildlife trade; most GWP funding is focused on addressing IWT at source.** The theory of change, set out in the GWP's PFD, emphasizes addressing each stage in the illegal wildlife trade supply chain, namely the source of wildlife traded illegally, the shipment and transportation of wildlife and wildlife products, and the market demand for those products. Despite the comprehensive theory of change, most GWP funding is focused on activities to fight illegal wildlife trade at the source, with 68.3 percent of the GEF's funding allocated to this component. Demand constitutes the smallest portion of the funding allocated: \$2.4 million, or approximately 1.8 percent of total GWP funding. The skewed allocation of GEF funds in supply, transit and demand countries is the reflection of a program composed of country-lead projects following the participating countries' priorities.

55. **There are structural limitations on the extent to which GWP child projects can be expected to fully realize the PFD because of the current funding mechanism.** Most of the funding available for child projects under the program is from STAR allocations. While the STAR is beneficial in that it ensures that country recipients have adequate buy-in with respect to their country priorities on illegal wildlife issues, it is also a constraint because there is minimal leverage the GEF can exert over countries in directing their funding to the program. Moreover, issues of illegal wildlife trade need cross-boundary coordination, which will require incentivizing countries to participate in combating these issues at a regional scale.

56. **Political will and corruption are not explicitly and directly addressed in projects.** Eleven of the 20 country-specific projects describe corruption as an issue but only 6 projects mention anti-corruption measures as part of their objectives. Furthermore, the GWP does not mandate reporting of indicator data on arrests, prosecutions, and convictions for all projects, instead requiring this information only insofar as it is relevant to an individual project.

57. **The M&E framework for child projects is simplified and more relevant to the program.** The three chief GWP indicators track the broad theory of change of the program, capturing number of law enforcement and judicial activities, number of people supported by GWP activities, and number of target species poached. This framework is simpler than those applied to other GEF programs, but it is not clear whether this simplified M&E framework will be able to capture the uniqueness of the child projects as well as overall program accomplishment.

58. **The GWP global coordination grant is accomplishing more than expected with the available funding.** The global grant is an innovative design element of the program and its

contributions to date have been recognized by program participants. It coordinates actions and build capacity, learning, and knowledge management to address the issue of illegal wildlife trade across the entire supply chain with implementing partners, donors, and international organizations—some of which are not GEF Agencies. To accomplish these manifold objectives, the global grant receives only 5 percent of total GWP funding.

The main recommendations are:

59. The GEF has an important role to play in combating illegal wildlife trade, and the ongoing illegal wildlife trade crisis warrants scaling up of GEF's work. Given the scale of the problem, additional efforts are required to combat illegal wildlife trade. As an intergovernmental organization with an established track record in addressing a range of biodiversity-related issues, the GEF has distinct advantages. With its mandate and expertise, it brings together multilateral agencies and national governments to develop and implement effective programs on the ground. Scaling up the GEF's work requires increased funding under the GEF-7 replenishment cycle and a sharper focus on illegal wildlife trade.

60. Further integration of bottom-up, country-driven approaches with top-down, strategic approaches is necessary. Such integration is essential to both developing effective IWT programming and maintaining ownership and buy-in of individual countries in their projects. Adjustments to the funding mechanism for GEF IWT activities could facilitate integration of these approaches. Rather than relying solely on STAR allocation funding as under GEF-6—with the exception of funding under the global coordination grant it would be desirable to support the program with non-STAR funds to carry-out activities in transit- and demand- countries where investing GEF resources may not accrue Global Environmental Benefits for the participating countries. Additional non-STAR resources would benefit activities across international borders in supply countries where STAR funding may not be sufficient to cover both the domestic as well as trans-boundary activities. Private sector funding could be leveraged to address wildlife trafficking and demand issues.

61. With respect to the scope of the GEF's illegal wildlife trade funding, there should be a strategic expansion to other species, countries, and regions. Specifically, the program should expand to cover Latin America and the Caribbean, which pose particular issues with respect to the pet trade. To protect biodiversity more broadly, it would also be beneficial to expand strategically to cover other wildlife, moving beyond elephants, rhinos, and big cats.

62. In addition to country-led national projects, stronger regional and global programming is important. Projects at both scales—country-specific projects and those at a broader scale—are important to the success of the program. Because illegal wildlife trade is ultimately an international issue, the program can be more cohesive if cross-border connections are designed as a core part of the program. This could be achieved by supporting activities across international borders with non-STAR resources. In addition, the GEF ought to consider how to engage other countries that are not yet participants in the Global Wildlife Program but are part of the larger system of illegal wildlife trade—whether they are eligible GEF recipients, like China, or non-recipients, like the United States, Europe, or Japan. The communication initiated with major international donors and their agencies should continue.

63. **Political will and corruption should be explicitly and directly addressed in all IWT projects.** A robust and coordinated focus on political will and corruption will ultimately help achieve the increases in arrests, prosecutions, and convictions that the GEF-6 Biodiversity Strategy prescribes. Participating countries in future GEF funded projects on poaching and illegal wildlife trade, should be encouraged to invest some financial resources in addressing corruption issues. An alternative would be for the GEF to support third parties like the International Consortium on Combating Wildlife Crime (ICWC) to engage with countries to pursue this part of the agenda as is being done in some countries.

64. **Continue to use the simplified but relevant measures for tracking overall Program performance while reflecting the uniqueness of child projects.** As is the GWP tracking tools are used, the GEF should continue to assess that experience to ensure that it matches the current expectations regarding its benefits. The lessons that emerge should then be integrated into the tracking tool and evaluation frameworks going forward. Monitoring and evaluation of all IWT projects should include the tracking of arrests, prosecutions, convictions, and penalties as appropriate. Collecting data for these sub-indicators for *all* projects would enable a more thorough assessment of the effectiveness of the projects, as well as the impact of corruption and political will on efforts to combat IWT. Doing so would contribute to realizing the priority set under Program 3 of the GEF-6 Biodiversity Strategy of increasing arrest and conviction rates for poaching of threatened species.

65. **Create links between other international activities regarding demand and GEF-supported efforts.** As with trafficking, it important to acknowledge a critical portion of the supply chain with respect to demand occurs in the United States and in Europe, which are not eligible GEF recipients. While this problem is, in part, outside of the scope of the GEF's activities, it must be acknowledged in working to solve this global problem on a global scale. In addition, the GEF can foster linked between demand countries and GEF-eligible countries, such as the partnership created between Mozambique and Vietnam regarding illegal wildlife trade.

66. **Sustainability of knowledge sharing components needs to be established.** The knowledge sharing components of the Global Wildlife Program will facilitate the Program's further evolution. Fostering connections between experts and in-country staff, in addition to the relationships with the implementing agency technical staff, will enable the continual improvement of the programs at the ground level. The connections between countries fostered by these coordinating and knowledge sharing activities run by the WB with the coordination grant, can also facilitate the development of projects to combat illegal wildlife trade that reach across borders.

3. Evaluation of the Integrated Approach Pilots

67. This evaluation is a formative review of the three Integrated Approach Pilots introduced in GEF-6. They were designed to implement integrated programming as a means of achieving systemic change at scale by addressing the major drivers of global environmental degradation in a holistic way. Several GEF and non-GEF Agencies and countries are included, with interventions to be integrated across focal areas. The financial resources allocated to the three IAP programs from the GEF Trust Fund total \$284 million. The three programs are:

- (a) The Sustainable Cities IAP Program engaging 23 cities, and later 28 cities, in 11 countries to promote the integration of environmental sustainability in urban planning and management initiatives.
- (b) The Sustainability and Resilience for Food Security in Sub-Saharan Africa IAP Program seeks to integrate priorities to safeguard and maintain ecosystem services into investments improving smallholder agriculture and food value chains in 12 Sub-Saharan Africa countries.
- (c) The Taking Deforestation Out of Commodity Supply Chains IAP Program targets three commodities responsible for 70 percent of tropical deforestation globally—soy, palm oil, and beef, in four producing countries (Brazil, Indonesia, Liberia, and Paraguay) and in demand markets (including local consumption and emerging economies).

Following are the key findings of this formative review:

Relevance

68. **In-country stakeholders broadly agree on the potential for the IAP programs to address multiple conventions through an integrated programming approach; this view was not shared by all convention secretariats.** Ninety-three percent of respondents agreed that the IAP programs help to address the Conventions across multiple scales. Interviewees at UNFCCC and CBD secretariats were somehow more critical. In contrast, interviewees at the UNCBD Secretariat fully supported the GEF integrated approach to multiple focal areas.

69. **Positive examples of alignment with country priorities through adequate entry points are observed, although this strategy risks sidelining some focal areas.** The Commodities IAP child projects align with specific government priorities. The Food Security IAP shows synergies across biodiversity, climate change, and land degradation, with financial allocations clearly favoring the latter as an entry point. Interviews indicated that the biodiversity and climate change were included as more of an afterthought in project design. The major drivers of the Cities IAP connect local urban sustainability priorities to climate change mitigation, biodiversity and chemicals. The initial ambition was for a greater synergy, which was not pursued later in design. Taking deforestation out of commodity supply chains is addressed through interventions in the focal areas of biodiversity, climate change as well as support for sustainable forest management.

Design

70. **The IAP programs and their component child projects are broadly coherent in terms of their structure and objectives in their respective theory of change, with some exceptions.** The IAPs program and project objectives and M&E systems are aligned with each other. However, alignment between project/program results frameworks and tracking tools in terms of outcomes and indicators does not show an even picture across the three IAP programs.

71. **IAPs demonstrate interesting innovative features as compared with previous programs by including emphasis on knowledge exchange through dedicated platforms for collaborative learning, considerable efforts will need to be made to realize their potential.**

The main innovation for the three IAP programs is the development of ‘hub projects’ for each IAP program, that function as capacity building, coordination and knowledge support platforms or networks towards the other child projects. This is a clear improvement as compared with past programs. The success of the IAPs largely depends on the effective functioning of the hub projects.

72. **Broader adoption has been emphasized in the design of the IAP programs.** All child projects have a plan for sustaining project interventions beyond the project’s timeframe with evidence of specific measures for planned broader adoption of outcomes by stakeholders such as replication at a comparable administrative or ecological scale, scaling up interventions into larger geographical areas, and measures to help catalyze market transformation.

73. **IAPs show well-designed M&E strategies, with some exceptions.** All child projects have an M&E strategy and show coherence between program and child project M&E frameworks.

74. **There are inconsistencies in the role, expression and measurement of global environmental benefit (GEB) targets, which will adversely affect program-level M&E.** All three IAPs provide targets towards GEBs, but the data is scattered throughout program and project documents, and it is not clear whether these are meant as aspirational goals or as hard targets. PFDs lack targets altogether (Commodities IAP), underestimate (Cities IAP) or overestimate (Food Security IAP) GEB targets, compared to targets reported in child projects’ requests for CEO endorsements. Variations exist in child projects’ calculations of direct and indirect CO₂e mitigated and different periods of influence.

Process

75. **It took 26 months to bring all child projects to the stage of CEO endorsement from PFD Council approval, and much of the work in the design of the programs is front-loaded and taking place in advance of Council approval of the PFDs.** On average, it took child projects 14-15 months to reach commitment deadlines, and 21 months to reach CEO endorsement.

76. **Approaches for country selection varied across the three IAPs.** For the Commodities and Food Security IAPs the selection of countries was based on sound criteria, but communication during the selection process was inadequate.

77. **The three IAPs draw on the comparative strengths of several agencies and other experienced think tanks.** The three IAPs are characterized by a large number of GEF Agencies and executing partners. All of them are generally individually well qualified, but their number increases the multitude of institutional preferences, and requires greater planning and coordination.

78. **Set-aside funds provided incentives for countries to commit STAR resources to the program, however, most of the financial resources to the IAP programs were already committed.** Most resources were already allocated to their intended purposes of food security improvements, integrated natural resource management, or urban infrastructure provision. This suggests that some IAP interventions would have taken place even without the GEF, but

efforts are now more integrated, with a strong emphasis on adaptive management, learning and knowledge exchange.

79. **There has been some competition for the lead agency position, and the role of the consultations in the lead agency selection process was not always clear.** This was the case both for the Cities and Food Security IAPs, but the agencies selected do have the comparative advantage needed for the lead role.

Cross-cutting issues

80. **Overall, gender has been considered in most child projects, and more than half have a gender mainstreaming strategy or plan in place.** The three IAPs score well on gender in terms of gender analysis at design, gender strategy and gender indicators.

81. **Resilience considerations—in terms of risk management, as a co-benefit, or integrated into a multiple benefits framework—are embedded in the IAP programs.**

The main conclusions are:

82. **Integrated programming to tackle the main drivers of environmental degradation through the IAPs enables addressing the objectives of multiple conventions, while allowing participating countries to address national environmental priorities.** All child projects of the IAPs responded to the multilateral environmental agreements and convention decisions referenced in GEF-6 programming directions. The initiatives were mainly in support of biodiversity, land degradation, sustainable forest management and climate change adaptation. Although the IAPs could respond across the focal areas, each Convention has different demands and mandates which meant for some mediation and sidelining of some objectives and missed opportunities for stronger integration of focal areas. The degree to which programs aligned with national environmental priorities helped to increase program ownership at the country level, through adequate entry points. GEF ensured that the IAPs were relevant to the participating countries while meeting the requirements of the Conventions.

83. **The IAPs have pursued an innovative and flexible design to address the drivers of environmental degradation, but show a wide variety of indicators and tracking tools, hindering aggregation within each IAP as well as for the three IAPs altogether.** The introduction of specific knowledge platforms and networks for cross-learning among child projects is a new approach for the GEF and one of the main features being piloted in the three IAP programs. National/global platforms and partnerships are certainly useful initiatives, but are very demanding in terms of keeping active the interest of a wide range of participants from different countries. Mid-term reviews would help assess the benefits of these platforms and determine whether they can provide the support and momentum needed to influence activities and perceptions.

84. **Additionality of programs over projects through better alignment of result indicators between child projects and programs is still to be demonstrated.** Alignment between project/program results frameworks and tracking tools in terms of outcomes and indicators does not show an even picture across the three IAP programs. Specifically, tracking tools,

indicators and metrics for global environmental benefit target setting based on country context vary widely across child projects. With a focus on holistic programming and systems transformation, the GEF Secretariat will need to consider new methods for demonstrating progress to outcomes.

85. **The IAPs draw on comparative advantages of a variety of GEF Agencies and specialized think tanks, but the involvement of several agencies and institutions in each IAP has added to the programs organizational complexity.** The IAPs involve multiple actors and multiple scales working at local, landscape, national and regional levels. The variety and specialized knowledge of executing partners has brought richness in knowledge and expertise, but complex programs are more difficult to execute than simple ones. The time required to launch them properly should be factored into design and implementation.

86. **While in general a positive picture emerges from this review on the IAPs' design and launch process, both were affected by insufficient clarity in terms of rules of engagement between agencies, transparency of selection processes, clarity on the role of the Secretariat, and insufficient communications between some participating GEF Agencies and countries on technical design.** The Secretariat provided strong and early leadership in the design and launch of these programs, which was necessary given the amount of coordination needed in a short time in an international institution based on partnership. However, the selection processes of countries, cities and agencies were not always clear. Periods of uncertainty and limited communication between GEF and countries and executing agencies led to design and start up challenges. Participants perceived that the Secretariat led critical decisions on which countries/cities to include in the program, rather than decisions based on a set of universal and agreed criteria for the selection of countries/cities to be involved in each country.

The main recommendations are:

87. **Assess the value addition of the knowledge platforms in a mid-term review to ensure they generate the necessary traction and provide overall support to program implementation.** For many interviewed stakeholders, the most important innovative feature in the IAPs is the hub project-supported knowledge platforms. The platforms are viewed as a forum for learning about innovations, exchange ideas and to showcase child projects. The knowledge platforms will require a strong commitment and support by all participating entities to provide the services and benefits they have been designed for. Their contribution towards overall program objectives should be assessed, to ensure they generate the envisioned additionality and support to program implementation.

88. **Standardize the indicators, tracking tools and metrics across the IAPs to demonstrate program additionality through M&E.** Indicators, tracking tools and metrics should be made uniform to enable aggregation within each IAP and for the three IAPs altogether. This should be done to clearly demonstrate the additionality brought by these pilot initiatives.

89. **Assess the role of global environmental benefit (GEB) targets, clarifying whether they are meant as aspirational goals, or as hard targets, and they will be measured at the program level.** A mid-term review of the IAPs should take place to assess issues of additionality,

effectiveness and efficiency at the mid-term stage of the IAP programs. Given a lack of clarity as to whether GEB targets are aspirational or hard targets, the review should clarify the role of GEB targets, and explain how the GEF aims to assess GEB goals at the program level.

4. Evaluation of the Multiple Benefits of GEF 's Multifocal Area (MFA) Portfolio

90. Multiple benefits refer to the global environmental benefits achieved within a project or program that meet the priorities of at least two focal areas, and include local environmental and social benefits that contribute to achieving and sustaining these global environmental benefits. The purpose of this evaluation was to assess the extent to which GEF support through multifocal area (MFA) projects has resulted in multiple benefits, and to identify the factors influencing achievement of these benefits. The most common focal area combinations in MFA projects include Biodiversity (BD) and Land Degradation (LD) (54 percent), half of which also include Climate Change (CC) (BD, LD and CC jointly, 27 percent). The evaluation drew on four main sources of evidence—project documents, big data, field visits, and interviews—and combined qualitative, quantitative, and geospatial methods for analyses.

The main conclusions are:

91. **The large majority of completed MFA projects report achievement of multiple benefits and broader adoption by project end.** All completed projects in the MFA portfolio reported positive environmental outcomes in their terminal evaluations (n=49). Of these, 80 percent reported benefits in the same focal area combinations they had targeted, as well as in socioeconomic aspects. Broader adoption was reported to have begun or taken place in 80 percent of projects by project end, primarily in the form of mainstreaming and replication. Of the completed projects with outcome ratings, 77 percent were rated Moderately Satisfactory or higher, similar to the overall GEF portfolio. Factors within the project's control such as good engagement of key stakeholders, good project design, and coordination with related initiatives were among those most frequently cited as contributing to successful outcomes, with low institutional capacity contributing to poorer outcomes.

92. **The majority of MFA projects address focal area priorities through integrated approaches.** The majority of projects approved under GEF priorities that are cross-focal in nature are implemented as MFA projects. Examples of these priorities are land use, land use change and forestry (LULUCF, at least 78 percent), integrated landscapes (67 percent), and forest ecosystem services and sustainable livelihoods in drylands (63 percent). Mainstreaming, particularly in landscapes, was the most commonly addressed priority. Seventy-four percent of MFA projects were designed to implement integrated ecosystem management, landscape-based management or both, which are management approaches that address multiple focal area issues simultaneously. Forty-three percent addressed both agriculture and forestry sectors by combining approaches such as sustainable agriculture or sustainable land management with sustainable forest management and sustainable forest use/protection; of these, 71 percent also addressed biodiversity concerns through ecosystem-based management.

93. **Integration in different project dimensions has the potential to enhance synergies.** Opportunities for synergies across the focal areas, as well as with socioeconomic objectives,

were commonly found in tree-planting, ecosystem protection and rehabilitation, clean energy technologies that reduced fuelwood use, and sustainable land management practices. MFA projects that reported the highest number and diversity of types of benefits had three common features: designs that integrated additional types of benefits, mechanisms for integrated decision making among multiple sectors, and an integrated spatial unit for delivering a set of interventions. These features enhanced synergies and mitigated trade-offs in a way that essentially produced synergies.

94. Trade-offs may be mitigated in a way that enhance synergies. The most common trade-off in case studies was between environmental and socioeconomic objectives. Potential losses from trade-offs were reduced through three types of mitigating measures: compensation, compromise, and value addition. Compensation involved direct payment or replacement of income to address the loss of socioeconomic benefits. Compromise occurred when the benefit to one focal area was decreased to reduce the anticipated loss to another focal area or socioeconomic aspect. Value addition occurred when an intervention not only addressed the trade-off, but also created focal area and socioeconomic benefits beyond the status quo, essentially producing synergies.

95. MFA projects have the potential to address both global and national concerns. Of the MFA projects funded through biodiversity or climate change focal area allocations, at least 79 percent respond directly to Convention guidance by addressing strategic priorities related to land use and land use change, protected areas, and biodiversity mainstreaming. The MFA portfolio reflects global trends towards integration across sectors, and between environmental and socioeconomic objectives as stated in the three Rio Conventions and the Sustainable Development Goals. MFA projects also respond to national priorities through flexibility in addressing global environmental commitments (e.g. the Paris Agreement) and national sustainable development goals together. GEF has promoted focal area integration through financial incentives and strategic country engagement.

96. At the institutional level, MFA project implementation generates benefits, but is also associated with higher costs. Benefits occur in the form of opportunities to fulfill global and national commitments simultaneously, leverage focal area funding, streamline project management costs, and increase multisectoral interaction. The option to integrate funds from multiple focal areas has allowed each focal area's priorities to be addressed through more interventions while using less of each focal area's allocation. This is particularly true for the land degradation focal area, which typically receives lower funding; for the biodiversity focal area, this has leveraged higher cofinancing. Since MFA projects tend to be larger on average, they allow for economies of scale in project management, relative to implementing the same interventions through several smaller SFA projects. The involvement of more actors provides an opportunity for interaction among sectors that might otherwise not typically interact.

97. Costs occur in the form of efficiency losses, mainly during project design, review, and monitoring due to the increase in number of stakeholders and sectors required to provide inputs. Whether at the country or corporate level, the involvement of more actors leads to more complex and time-consuming decision making, as each actor tries to maximize benefits for its respective focal area or sector. Current reporting requirements for multifocal area

projects increase operating costs; at the same time, synergies generated and trade-offs mitigated are not captured.

98. **Implementing a project as MFA is most appropriate when the environmental issues to be addressed, or management approaches to be supported, provide opportunities to enhance synergies and mitigate trade-offs across focal areas.** More specifically, these include: 1) environmental issues whose causes, consequences, or spatial occurrence are linked to multiple focal areas, and 2) management approaches that inherently address multiple focal area priorities. In some cases where conditions for an MFA project were appropriate, the lack of institutional arrangements for sectoral integration was found to limit these opportunities. Lack of strategic and operational guidelines for MFA projects contribute to this limitation.

The main recommendations are:

99. **Identify conditions appropriate for the implementation of MFA projects at the project design and review stage.** MFA projects are not required to be integrated, or to seek synergies and mitigate trade-offs. However, projects successful at enhancing synergies and mitigating trade-offs have common conditions and characteristics that have enabled them to maximize the benefits of having multiple focal area objectives. GEF agencies must ensure that the environmental issues and management approaches targeted by MFA projects allow for such synergies while managing the higher transaction costs. Existing capacities and institutional arrangements for sectoral integration at the corporate and country levels should be assessed as part of the MFA project design and approval process. Opportunities for good stakeholder engagement, partnerships to leverage resources from multiple sectors, and integration in project interventions, should be considered in this assessment.

100. **Streamline and enhance monitoring and reporting of MFA projects, including their synergies and trade-offs.** Although attempts have been made at the program level to remove repetitive and irrelevant indicators from the tracking tools, streamlining of monitoring and reporting tools in MFA projects is needed at the institutional level. Project monitoring tools should also measure and report the synergies generated and trade-offs mitigated.

101. **Develop shared guidance on the conditions for designing, reviewing, and implementing MFA projects across the GEF partnership.** While strategic priorities have been developed for each focal area, none specify how and which focal area synergies might best contribute to the GEF's vision. As a starting point, members of the GEF partnership need to continue developing a common understanding of key concepts, such as "multiple benefits," "synergies," "trade-offs," and "integration" with the involvement of STAP. Building on the findings of this evaluation, the GEF should develop guidance on the conditions under which MFA projects should be designed and implemented, to enhance synergies across focal areas. Minimum criteria or standards for MFA project design and monitoring would ensure that the benefits of focal area integration are maximized, while transaction costs at the corporate and country levels are managed.

5. Project Performance and Progress to Impact

102. Overall, performance ratings of completed GEF projects show an improvement from GEF-3 to GEF-4 period. While it remains to be seen whether this uptick in performance ratings is stable, as only 41 percent of the approved GEF-4 projects have been covered so far, it may be said that the performance of GEF-4 projects is either higher or as high as that of the projects from the preceding periods. Eighty-three percent of the terminal evaluations on which this analysis is based were of good quality. The key findings of the analyses are:

103. **The GEF has built a strong record in delivering short- and medium-term outcomes.** Of the 1,173 projects rated on outcomes, 81 percent rated in the satisfactory range, with a similar result for the OPS6 cohort. The ratings underscore the solid track record of GEF projects in delivering expected short to medium term results.

104. **There are considerable risks to continuation of the benefits from more than a third of GEF projects.** Of the 1,118 projects rated on sustainability of outcomes, 62 percent rated in the 'Likely' range. Thus, roughly four out of 10 projects face considerable risks to continuation of their benefits. Similar results were observed for the OPS6 cohort.

105. **Despite an improving trend, cumulative ratings on quality of M&E design and implementation remain in the unsatisfactory range for a substantial percentage of projects.** Of the 1,108 projects that were rated for quality of M&E design, 61 percent were satisfactory. There is a steady improvement in quality of M&E design ratings. Of the 1,012 projects that were rated on quality of M&E plan implementation, 64 percent rated in the satisfactory range.

106. **Cofinancing commitments for GEF-6 projects exceed the target set by the GEF's Co-financing Policy (2014).** Against the co-financing policy mandated target of 6:1, co-financing commitments so far for GEF-6 projects have been mobilized at a rate of 8.8:1. Across the GEF periods – from GEF-1 to GEF-6 – there has been a steady increase in the co-financing ratio of the GEF portfolio. In terms of the co-financing ratio of the median full-size project, steady increase is evident from the Pilot Phase onwards. Promised co-financing successfully materializes during implementation for majority of projects.

107. **Despite some efficiency gains during the GEF-6 period, progress in improving project cycle efficiency has been slow.** Of the 90 full-size projects for which PIFs were submitted during the first year of GEF-6, 37 percent had been CEO Endorsed within 24 months from their submission. Although this is an improvement over the performance during GEF-5 (26 percent) and GEF-4 (21 percent), the percentage of the GEF-6 PIF submissions that were CEO Endorsed within 24 months of submission is still low. While project cycle for GEF-6 projects was less efficient than GEF-5 between PIF submission to PIF approval, it was more efficient for the PIF approval to CEO endorsement stage. Increase in time taken from PIF submission to PIF approval for GEF-6 projects seems to be driven by the shortfall in GEF-6 replenishment. A more complete picture for the GEF-6 proposals will be available only after GEF-6 is complete and sufficient time has elapsed to track progress of the GEF-6 PIFs.

108. **GEF programming for GEF-5 and GEF-6 is consistent with the corporate environmental results targets for these replenishment periods.** GEF is projected to exceed targets for 8 of the 13 corporate environmental results indicators for GEF-5 period, although there may be some shortfall for the remaining 5 indicators as level of programming is low for some of the focal area programs. For GEF-6, despite a shortfall in GEF resources, the aggregated results from approved PIFs exceed GEF-6 targets for 6 out of 10 environmental results indicators. When the shortfall is accounted for, expected results are likely to be higher than the targets for seven out of 10 indicators.

109. **Majority of GEF projects are already contributing to environmental stress reduction and/or environmental status change at implementation completion.** At project completion, 59 percent of the GEF projects from the OPS6 cohort had already contributed to environmental stress reduction and/or environmental status change. Thirteen percent of the projects were achieving environmental stress reduction and/or status change at a large scale and 45 percent of projects were achieving it at a local scale. Quality of implementation is satisfactory in approximately 80 percent of projects.

110. **Approaches and technologies promoted by majority of GEF projects are adopted by other stakeholders at project completion.** At project completion, 61 percent of completed GEF projects were achieving broader adoption. Country context plays an important role, as a substantially higher percentage of projects implemented in major emerging economies were achieving broader adoption at higher rates than projects in other countries.

6. Review of GEF's Engagement with Indigenous Peoples

111. The purpose of this review is to provide: (a) an historical analysis and background of the GEF's engagement with indigenous peoples in GEF projects, (b) a rendering of good practices and lessons learned from GEF's engagement with indigenous people, (c) an analysis of GEF agency conformity with GEF policies and guidelines concerning engagement with indigenous peoples and (d) recommendations for roles and initiatives that the GEF could incorporate in GEF-7.

The main conclusions are:

112. **The GEF recognizes indigenous peoples as important stakeholders in its mission to tackle global environmental issues.** The GEF has engaged with indigenous peoples since its first phase of project financing in 1991, and the level of engagement, consultation and policy review with indigenous peoples has increased through each GEF funding period.

113. **Recognition of the presence of indigenous peoples by national governments is axiomatic to the application of indigenous peoples' rights. In some country contexts, the absence of recognition throws a significant challenge to the GEF Partnership, and is reflected in reporting from some GEF and SGP country offices.** This can be problematic for accurate assessment of GEF engagement with indigenous peoples. Some implementing organizations have addressed this situation by casting "indigenous peoples" within the broader nomenclature of "local communities." At times, "local communities" is used to avoid discrimination in places

where populations are diverse in their make-up. The current consensus from UN and climate convention bodies, and adopted by the CBD in 2014, is that use of the term “indigenous peoples and local communities” enables inclusive approaches, while at the same time avoiding presumptions of common identity or that such groups are subject to the same circumstances.

114. At the Partnership level, the participation of indigenous peoples is well secured in GEF consultation arrangements, and is advancing GEF’s engagement with indigenous peoples. The Principles and Guidelines for Engagement with Indigenous Peoples (GEF/C.42/Inf.03/Rev.1) affirms the importance of indigenous peoples in GEF-financed projects. The Principles and Guidelines form a useful guide and reinforcement for GEF policy towards indigenous peoples, though they lack practical guidance on project design and indicators, or a specific list of requirements that might be useful to aid operationalization of Minimum Standard 4 and other relevant GEF policies.

115. In general, GEF Agencies are in alignment with the obligations under GEF Minimum Standard 4: Indigenous Peoples. Of the nine provisions of Minimum Standard 4, seven show high levels of consistency across the Agencies, particularly in areas of appropriate socioeconomic benefits, Indigenous Peoples Plans and document disclosure. Regarding consultation, Free Prior Informed Consent and participation, GEF Agencies tend to exceed Minimum Standard 4 provisions by insisting on greater protections for indigenous peoples.

116. Concerning the GEF Safeguard on indigenous peoples, some restrictiveness and ambiguity exists around GEF’s approach to Free, Prior and Informed Consent (FPIC). Currently GEF requires FPIC approaches from ILO C169 signatory states. In so doing, it misses an opportunity to support self-determination – something intrinsic to Indigenous People’s rights. GEF’s use of the term “free, prior and informed consultations” complicates matters somewhat. This is a term borrowed from the World Bank Operational Policies that includes elements of, but is not the same as free, prior and informed consent. Any implied intention to avoid a commitment to “consent” appears to be confounded by Minimum Standard 4 which states that GEF Partner Agencies must “ensure that such consultations result in broad community support for the GEF-financed operation being proposed”.

117. The GEF’s ability to describe the application of Minimum Safeguard 4 and the benefits that flow from its engagement with indigenous peoples is restricted by the lack of monitoring information. Some adjustments to monitoring practices have recently been introduced to better track projects involving indigenous peoples and to report in the corporate scorecard and the Annual Monitoring Report. What is being counted here, though, are instances of projects with indigenous peoples’ involvement; there is little in the way of qualitative information.

118. The Indigenous Peoples’ Advisory Group (IPAG) provides relevant advice to the GEF Secretariat on indigenous peoples’ issues. IPAG fulfils an important technical advisory and dissemination role; however operational limitations require attention, while opportunities for an expanded advocacy role remain limited. The scope of IPAG’s mandate and geographic coverage is large with a limited frequency of face to face contact. No formal system of contact with the larger regional indigenous peoples’ networks appears to exist within IPAG or GEFSEC.

119. **The Small Grants Programme (SGP) of UNDP is the primary modality for GEF's engagement with indigenous peoples, though accessing SGP grants remains a challenge due to administrative and language hurdles.** This limits the extent to which the mechanism can address needs and opportunities among indigenous peoples. Approximately 15 percent of SGP grants are awarded to the benefit of Indigenous organizations or communities. Flexible approaches to proposal development enable involvement by IP organizations.

The main recommendations are:

120. **Establish and strengthen dedicated funding opportunities for indigenous peoples' projects/organizations.** Indigenous peoples remain limited as beneficiaries in the support they receive from GEF. To date, support has come primarily through the SGP which, by design, is limited in scale and scope. Dedicated funding outside STAR would address the systemic challenges and operational constraints to increased indigenous peoples' engagement. Simultaneously, strengthening the SGP and other GEF project oriented grant mechanisms, such as the Critical Ecosystem Partnership Fund, or creating incentives to engage IPLCs could also help improve access.

121. **Update relevant Policies and Guidelines to reflect best practice standards concerning indigenous peoples, including a rights-based approach to engagement.** Internationally, safeguard norms regarding Indigenous Peoples have changed. This manifests in a number of GEF Agency standards that have emerged since 2012. To remain at the leading edge and continue to serve the field of practice with advanced thinking about how best to safeguard the rights of indigenous peoples, a recalibration is required. Attention should be given to provisions related to the **right to self-determination** and to **free, prior and informed consent (FPIC)** as they pertain to consultations with indigenous peoples concerning GEF projects.

122. **Review the Indigenous Peoples' Advisory Group's role for operational constraints.** IPAG is unequivocally viewed as an important and advantageous body to guide GEF's decision making and engagement with indigenous people. To increase its effectiveness, GEF should undertake several steps including a review of succession planning and "on-boarding" for IPAG members to preserve knowledge of outgoing members and to orient new ones, and a review of the existing scope/limitations of the IPAG's mandate and its relationship with the Indigenous Peoples Focal Points (IPFP) embedded within the CSO Network. GEF should clarify IPAG's communication/engagement role for more formal contacts with regional and global networks of indigenous peoples; consider an increase in the staff time and resources allocated by the GEFSEC IP focal point to IPAG activities; translation requirements for relevant documents such that IPAG is able to engage in English, French, Spanish.

123. **Facilitate dialogue between indigenous peoples and local communities and GEF Government Focal Points.** One of the major hurdles for greater engagement of indigenous peoples in GEF projects is acceptance by national governments in some of the countries that GEF operates. The GEF through its relationships with national governments can help to increase prominence of indigenous peoples' activities and encourage mainstreaming of IP issues into environmental programming. In this regard, GEF should seek opportunities for a higher profile

of indigenous peoples in GEF projects and a higher profile at GEF events such as Extended Constituency Workshops and Council meetings.

124. **Monitor application of Minimum Standard 4 and Indigenous Peoples' portfolio.** A greater flow of information should come from tracking the environmental and social risks of the GEF portfolio. Currently there is no requirement that Agencies report on compliance with safeguards, leaving the GEF portfolio vulnerable. Agencies should inform GEF of the safeguard risk categorization assigned to projects involving indigenous peoples and keep GEF informed of safeguards implementation issues through monitoring and reporting. Similarly, projects need to be tagged to allow for systematic retrieval. As part of the tagging, further definition within the GEF of what is considered indigenous peoples' engagement should ensue. Finally, GEF could encourage Agencies to use mid-term and terminal evaluation templates that capture indigenous peoples' engagement and results.

7. Review of Knowledge Management (KM) in the GEF

125. The objectives of the KM study are to assess the role of the GEF partnership as a knowledge broker and provider, the relevance and effectiveness of knowledge management and sharing across the GEF partnership, as well as the barriers to and opportunities for successful implementation. The study applied a mixed methods approach, encompassing desk and literature review, perceptions gathering through central level interviews/focus groups and an online survey specifically designed to gather country stakeholder views and information. Specific methodological components of the study include: (i) a meta-analysis of KM-related evaluative evidence contained in 26 country level evaluations and studies conducted by IEO from 2005 to 2016; (ii) a benchmarking exercise to compare the GEF KM function to similar international partnerships; and (iii) a citation analysis to identify the number and typology of GEF lessons and experience used both within and outside the partnership.

The main conclusions are:

126. **The GEF partnership has made substantial progress in KM during GEF-6.** The GEF2020 Strategy emphasizes “strategically generating knowledge” as a priority for the future of the institution. Accordingly, a higher priority has been given to KM during GEF-6. In line with GEF-6 policy recommendations to improve the uptake of lessons learned in GEF projects/programs, a dedicated KM work stream has been established within the Secretariat, a KM approach paper was developed and is currently being implemented.

127. **Knowledge generated in the GEF partnership is being used and has influenced national environmental policies and practices.** GEF-supported projects generate a substantial amount of knowledge in the form of technical and operational project-level documentation, as well as through strategic and summary papers. There is evidence that this knowledge is being used and influencing national environmental practices and policies. In focal areas such as international waters, evidence shows that lessons from the GEF are also having a broader influence in the academic literature.

128. **The GEF is more of a knowledge provider rather than a knowledge broker.** The knowledge produced in the GEF is being used, but not to its full extent. Limitations exist in

terms of collating and analyzing knowledge and facilitating its access, transfer and sharing across the partnership, and GEF falls short in this role of “knowledge-broker” against other comparable donor-funded partnership organizations. However, GEF is clearly moving towards improving in this area. Recent positive illustrations of this role include the biodiversity mainstreaming work, the regional knowledge days targeting country stakeholders, the gender partnership, the inclusion of KM requirements in project proposals, the GEF Art of Knowledge Exchange Guidebook and Workshops, the GEF online search tool “Kaleo”, the new knowledge and learning page on the GEF website, and the integration of KM as a specific project component of the IAPs.

129. **Systemic issues continue to be barriers to KM in the GEF.** Barriers to progress in KM are systemic in nature, longstanding, and have previously been identified by the GEF partnership in studies of the Secretariat and STAP, and by several major IEO evaluations. These issues are having an impact at both the project and global levels for KM, and particularly include: (a) Availability of an information management system to capture and provide access to project-level documentation from conception to conclusion that is accessible and user-friendly for GEF Agencies, countries, project and program staff; (b) Guidance on KM for GEF-supported projects and programs through the project lifecycle, beyond basic documentation requirements to ensure minimum standards of consistency and accessibility; (c) capacity within the Secretariat to connect with GEF Agency systems and platforms and to create an enabling environment for corporate-level learning, knowledge exchange and collaboration across the GEF portfolio.

The main recommendations are:

130. **The GEF Secretariat should place a high priority on improving the quality and the availability of project-level documentation from a KM perspective, including lessons learned during design and implementation.** To ensure minimum standards of consistency in KM across GEF agencies and projects, clear guidance should be provided to Agencies on, for example, the typology of knowledge products to be generated during and after project implementation, and the capture and storage of such information. As the PMIS is currently under revision, efforts should be made to ensure that it becomes the key platform for storing and sharing project-level documentation throughout the project lifecycle. The revisions to this platform should be made in consultation with the GEF Agencies and other parts of the partnership to ensure access for GEF Agencies, project and program staff and countries. The platform should facilitate easy uploading, downloading, and analysis of project and program documents from design through supervision and finally completion.

131. **The GEF Secretariat and the KM Advisory Group, should develop a plan to connect across GEF Agency KM systems, generate knowledge products and organize learning activities across focal areas, agencies and cross cutting themes.** The partnership would benefit from a clear work plan on learning activities and knowledge products to be generated within and across focal areas in collaboration with GEF agencies, along with a proposed resource envelope and enhanced internal capacity. Ideally these products would draw on lessons from across the partnership, including from agencies, STAP, Conventions and countries, and would support

strategic decision making and planning at the portfolio and corporate levels. Mechanisms to disseminate and share such knowledge products should also be clearly articulated in the plan.

8. Review of the Comparative Advantage, Financing, and Governance of the GEF Partnership

132. The objective of this study is to assess the overall effectiveness of the GEF's partnership and governance, funding channels, and its comparative advantage. The methodology used for this evaluation included a variety of methods. The Evaluation team conducted an in-depth review of key documents. Extensive consultation was pursued with key stakeholders from across the GEF partnership and beyond. A total of 87 stakeholders were interviewed for this study. An online survey was administered to the GEF Secretariat, Agencies, Operational Focal Points (OFPs), Scientific and Technical Advisory Panel (STAP), Council members, Assembly members, and Civil Society Organizations (CSOs). A total of 123 respondents took the survey, resulting in an overall participation rate of 33 percent. The main recommendations from this study have been included in the overall recommendations for OPS6.

The main conclusions are:

Comparative Advantage

133. The comparative advantage of the GEF derives primarily from its mandate as the principal financial mechanism of the Multilateral Environmental Agreements (MEAs)/conventions. Across the partnership, there is strong support for this mandate; serving the MEAs was also deemed necessary for the healthy functioning of MEAs, and thereby, the delivery of global environmental benefits (GEBs).

134. The unique mandate of the GEF allows it to pursue integration across focal areas. There is evidence in the scientific literature, and support in the partnership for integration in programs of the GEF, as manifested through the Integrated Approach Pilots (IAPs). However, this support is underpinned by concerns for the process through which integrative Impact Programs (IPs) are being developed.

135. Finally, the GEF has significant comparative advantage due to its convening power, coupled with its breadth, high degree of trust, and long history.

Adequacy of Donor Funding/Financing

136. There is an overall global shortage of funding to address recognized environment and climate issues, relative to the scale of global environmental needs, including rapidly accelerating climate change rates and risks. This has constrained the GEF's ability to play a yet more effective and catalytic role as a key environmental funding and finance mechanism of the conventions, to different regions and in other ways.

137. The vast majority of donors have delivered on their financial commitments to the GEF, as promised and on time. Meeting donor commitments is important to maintaining widespread confidence in the institutional mechanism overall. Despite the delivery of pledged

commitments, the GEF has encountered shortfalls in funding due to foreign exchange volatility. Currency hedging has not been used to manage foreign exchange risk. This has had detrimental effects on funding availability for GEF-6 projects, with direct implications for the approval of projects for both countries and Agencies, whose planning is based on donor commitments.

138. The GEF's ability to offer grants and Non-Grant Instruments (NGIs) is much appreciated across the partnership. Noting that the GEF has historically accepted some risk exposure to facilitate innovation, there is GEF-wide support for innovative financing and risk-mitigation approaches to be further pursued and offered.

139. A key strategic and operational aspect of its work, the GEF's new co-financing policy has had some beneficial as well as unintended side effects. Co-financing has allowed the GEF to access sizeable resources for its projects. It is recognized that the Multilateral Development Banks (MDBs) and certain focal areas (such as Climate Change) have greater capacity to generate co-financing. However, there is confusion around the application of the GEF aspirational ratio of 6:1. There are also some accounting issues for in-kind financing and potential double-counting due to differing project versus Agency financing perspectives.

140. Despite the GEF's modest resources, it is still considered fairly effective as an enabling financial organization, especially for environmental issues not covered by other organizations. Its use of co-financing allows it to play an enabling and sometimes catalytic role at the project level. This catalytic role would need to be increased through engaging in barrier removal and de-risking to mobilize more funding and have greater impact at a global markets level.

141. Creating capacity within the GEF to engage different players in the private sector and being able to issue innovative financing through a range of environmental finance approaches and products is key to maintaining the GEF's relevance. Risk mitigation is an area where the GEF can still play a catalytic role. Private sector investment and financing have an important role to play to close the funding gap. Beyond facilitating investment, the GEF also has a role to play in helping to set up regulatory environments to facilitate environmental finance.

Health of the Expanded GEF Partnership and Governance Structure

142. The expansion in the number of GEF Agencies from 12 to 18 in GEF-6 brings good potential along with challenges. There is potential for the increased diversity of Agencies to enhance the partnership's capacity to deliver global environmental benefits, but challenges of dealing with the greater competition among Agencies for GEF's limited resources. There is some evidence in relation to the three IAPs of improved cooperation among the Agencies, drawing upon their respective advantages as MDBs, UN Agencies, and international Non-Governmental Organizations (NGOs).

143. The GEF has responded expeditiously to the Paris Agreement's request to establish the new Capacity-Building Initiative for Transparency (CBIT), but still faces challenges in effectively incorporating convention guidance in the Programming Directions and actual project programming in each new GEF replenishment.

144. The new cancellation policy and the consolidation of GEF project and program cycle policies in one document is enhancing inter-organizational efficiency in project programming.

145. The GEF Partnership is effectively governed overall. However, the GEF Instrument does not fully and accurately reflect the way in which the partnership is actually functioning today. Concerns related to the GEF governance structure remain, related to matters of representation, accountability, and transparency, including the independence of the Council chair.

9. Review of the System for Transparent Allocation of Resources (STAR)

146. In 2013 the GEF IEO undertook a mid-term evaluation of STAR (for GEF-5). The evaluation recommendations along with discussions during the GEF-6 replenishment negotiations led to changes in the STAR for GEF-6 period. Important changes include: an increase in the aggregate floor for the LDCs to \$6.0 million; increase in weight of the GDP index exponent from -0.04 to -0.08; increase in marginal adjustment for countries with allocations in the \$7.0 million to 100 million range; and, slight decrease in the country allocation ceiling for the climate change focal area.

147. STAR for GEF-6 has been under implementation since July 2014. STAR model was implemented based on a projected replenishment of \$4.43 billion, with \$2.34 billion budgeted for country allocations. During the course of implementation of GEF-6, the US dollar appreciated vis-à-vis other currencies leading to a projected shortfall in the replenishment.

The main conclusions are:

STAR design

- (a) Country allocations under the STAR model are primarily driven by a country's potential to generate global environmental benefits, which is appropriate.
- (b) The STAR model assigns a low weight to GDP relative to indices used in other MDBs. For example, the exponents of the income based index used in performance based allocation formulae in other multilateral organizations range from -0.125 to -0.9, as compared with the GDPI exponent weight of -0.08 used in STAR calculations. As a result, the increase in the weight of the GDP index exponent from GEF-5 to GEF-6 had a modest effect on the distribution of funds across groups of countries.
- (c) GEF-6 STAR provided LDCs greater share in GEF resources. The increase was mostly driven by an increase in floors. The total country allocations of LDCs increased by 21 percent between GEF-5 and GEF-6. Forty-one percent of the increase (\$37 million) is accounted for by increase in floors for the LDCs and increase in the weight of the GDPI from -0.04 to -0.08 accounts for 23 percent of the increase (\$21 million).

STAR Implementation

- (a) Notwithstanding the significant, projected shortfall driven by exchange rate fluctuations, available GEF-6 resources have been managed in accordance with the Council's decision in October 2016; LDCs and SIDS have a predictable allocation of resources, and core obligations under the Conventions are being met. However, the update to the Council did not include detailed information on the impact of the shortfall by groups of countries, such as the non-LDC and non-SIDS countries, in part due to the continued foreign exchange fluctuations.
- (b) In general, calculations of STAR allocations were carried out correctly. In response to the recommendations of the GEF-5 STAR Mid-Term Review, the GEF Secretariat has made efforts to reduce errors. However, there is room for further improvement in minimizing calculation errors.

STAR Utilization

- (a) Overall utilization of focal area resources covered under GEF-6 STAR was 64 percent as on September 30, 2017. It was higher for Land Degradation (69 percent) and Biodiversity (67 percent) than for Climate Change (61 percent). There are wide variations among focal areas in terms of set-aside utilization. While utilization of biodiversity focal area set aside was at 83 percent, it was substantially lower for climate change at 46 percent and land degradation at 50 percent.
- (b) Increase in marginal adjustment of focal area allocations has led to greater cross-focal use of allocations by targeted countries. Use of the flexibility feature did not make a material difference to the focal area funding balance during GEF-5. Countries with allocation in the \$7.0 million to \$20 million range have a much higher utilization rate (43 percent) during GEF-6 than during GEF-5 (19 percent), when progress at the comparable stages of the respective replenishment periods is taken into account. Emerging evidence from the GEF-6 period indicates there is demand and scope for somewhat greater marginal adjustments.
- (c) Utilization of sustainable forest management incentive scheme increased substantially during GEF-6. However, the level of GEF resources invested in sustainable forest management activities are about the same as because contributions from STAR were required at a lower ratio.
- (d) STAR has helped smaller countries in accessing GEF resources for full-size projects. It is also perceived to make GEF activities more relevant to country needs and priorities. Two thirds of respondents of the GEF-6 STAR online survey agree with statement that STAR is a key component of GEF's ability to meet country objectives.
- (e) Projects prepared under STAR perform as well those prepared through non-STAR resources.

The main recommendation is:

148. **GEF Secretariat should develop clear protocols and quality checks on calculations.** In line with the GEF-5 Mid-Term Review of STAR, the GEF Secretariat has made efforts to minimize errors in the STAR calculations. As STAR databases and equations continue to become increasingly complex, the GEF Secretariat should ensure that quality-control protocols are developed and risks to mistakes in calculations are minimized.

III. UPDATE ON KNOWLEDGE MANAGEMENT

149. The IEO has hosted discussions and presented evaluation findings at a variety of conferences on environmental and evaluation issues, including the discussion built on the recent Evaluation of GEF's Engagement with the Private Sector (May 2017), the second gathering of Parliamentary Network on Climate Change in Panama (August), the session of the conference of the parties to the UN Convention to Combat Desertification (UNCCD) (September), the event on Evaluation and Learning for International Sustainable Forest Initiatives (October); and the National Evaluation Capacities Conference (October). In addition, IEO shared its experience in using geospatial analysis and technical innovations in impact evaluation methods at the ICT4Eval Conference (June) and MERL Tech DC (September).

150. The Office maintains an active role in partnerships with the global evaluation and environmental community. During the reporting period, IEO contributed to preparation of the Reference Document on Integrating Gender into Project-level Evaluations, prepared by the Evaluation Cooperation Group (ECG). The reference document provides practical approaches to multilateral development institutions to strengthen the treatment of gender equality and women's empowerment in their project evaluations. The Office also continues its collaboration with the United Nations Evaluation Group (UNEG) and the International Development Evaluation Association (IDEAS). In June, the Office joined the learning partnership on Transformational Change organized by the Climate Investment Funds (CIFs).

151. The IEO continues to enhance the [website](#) making available all related documents tied to OPS6 such as the draft final report and presentations recently presented in the second GEF replenishment meetings. In addition, interactive [data maps](#) on recently completed and ongoing evaluations, such as the Annual Performance Report (APR) 2015 are featured.

152. In early October, [Climate-Eval](#) evolved from focusing solely on climate change evaluations towards incorporating a broader environmental scope. The community of practice has been renamed Earth-Eval to focus on environmental evaluations such as climate change, land degradation, forests, international waters, agriculture, biodiversity, chemicals and waste with various cross-cutting themes of gender, private sector, resilience and more. An introductory [video](#) explains the vision of Earth-Eval in more detail.

153. As part of the initiative to strengthen evaluation capacity development, the IEO continues to deliver a module on evaluation findings and terminal evaluations 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 findings and conclusions from project and program evaluations that feed into OPS6. Evaluation findings were shared at seven ECWs during the reporting period.

ANNEX 1

Table 1: Status of Evaluations for OPS6

Evaluation		Status
Performance and Impact		
1	International Waters Focal Area Study	Presented*
2	Chemicals and Waste Focal Area Study	Presented
3	Land Degradation Focal Area Study	Presented
4	Climate Change Focal Area Study	Completed
5	Biodiversity Focal Area Study (Nagoya Protocol)	Completed
6	Evaluation of the Illegal Wildlife Trade Program Study	Completed
7	Project-Level Accomplishments/Progress toward Impact	Completed
8	Joint GEF-UNDP Evaluation of the Small Grants Programme	Presented
9	Evaluation of the Multiple Benefits of GEF Support through Its Multifocal Area Portfolio	Completed
10	Evaluation of Programmatic Approaches in the GEF	Presented
11	Evaluation of Integrated Approach Pilots	Completed
12	A Value for Money Analysis of GEF Interventions in Land Degradation and Biodiversity	Presented
13	GEF Engagement with the Private Sector	Presented
14	The GEF Nongrant Instrument	Presented
15	Measuring Environmental Outcomes Using Remote Sensing and Geospatial Methods	Presented
16	Program Evaluation of the Least Developed Countries Fund	Presented
17	Program Evaluation of the Special Climate Change Fund	Presented
18	Impact of GEF Support on National Environmental Laws and Policies in Selected Countries	Presented
19	Transformational Engagements	Presented
20	Impact Evaluation of GEF Support to Protected Areas and Protected Area Systems	Presented
Policies and Institutional Issues		
21	Evaluation of the Expansion of the GEF Partnership	Completed
22	Review of the Comparative Advantage, Financing, and Governance of the GEF Partnership	Completed
23	Evaluation of the GEF–Civil Society Organization (CSO) Network	Presented
24	Review of the GEF Agency Minimum Standards on Environmental and Social Safeguards	Presented
25	Review of the Indigenous Peoples Policy	Completed
26	Review of the Resource Allocation System STAR	Completed
27	Review of the GEF Approach to Results-Based Management	Presented
28	Evaluation of the Knowledge Management System	Completed
29	Evaluation of the Gender Mainstreaming Policy	Presented

*Presented to Council