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Agenda Item 07

**FOUR-YEAR WORK PROGRAM AND BUDGET FOR THE INDEPENDENT EVALUATION
OFFICE OF THE GEF UNDER THE LDCF AND SCCF**

(Prepared by the Independent Evaluation Office of the GEF)

Recommended Council Decision

The Council, having reviewed document GEF/LDCF.SCCF.34/E/01, “Four-Year Work Program and Budget for the Independent Evaluation Office of the GEF under LDCF and SCCF,” approves the annual budget of \$339,500 to carry out the work program for fiscal year 2024. The budget is in line with the term of the evaluation work that spans over multiple years. The approved budget is being distributed as follows:

1. \$204,400 from the Least Developed Countries Fund (LDCF) and
2. \$135,100 from the Special Climate Change Fund (SCCF)

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I. INTRODUCTION

1. During fiscal year (FY) 2023 the Independent Evaluation Office (IEO) of the Global Environment Facility (GEF) completed the activities of the annual work program approved by the Least Developed Countries Fund/Special Climate Change Fund (LDCF/SCCF) Council at the 32nd Council meeting in June 2022. The IEO prepared the LDCF/SCCF Annual Evaluation Report (AER) 2023 and started the Evaluation of GEF Support to Climate Information and Early Warning Systems.

2. The IEO introduced multiannual budgets for its LDCF/SCCF work program in June 2015. This was in line with the practice of the IEO evaluation budget for the GEF Trust Fund and accommodates multiyear evaluations such as overall performance studies (OPSs) and knowledge-sharing activities after the completion of evaluations. Continuing to deliver a four-year work program is in support of the development of a longer-term vision of evaluation for the Funds.

3. The IEO provides evaluations on the performance and results of the LDCF and SCCF for accountability purposes and to promote learning, and to improve performance of the Funds. The FY24–27 LDCF/SCCF indicative work program is organized around the goal of the GEF programming strategy on climate change adaptation for FY23–26, to support developing countries' progress toward achieving the Paris Agreement's goal on adaptation and the strategies' themes: 1) agriculture, food security, and health; 2) water; 3) nature-based solutions; and 4) climate information and early warning systems (GEF 2022). The IEO proposes a more strategic and integrated work program than in previous GEF phases for the LDCF/SCCF consisting of AERs tracking performance, Fund program evaluation, and thematic evaluations that will inform the next GEF adaptation programming strategy.

4. In June 2022, the LDCF/SCCF Council approved a budget for the IEO of \$46,000 for FY23. The IEO estimates that the budget will be nearly fully used by the end of the fiscal year. This document presents a progress report on the activities completed by the IEO in FY23, and a work program and a budget for activities proposed for FY24–27. The proposed budget to cover the costs of the activities in the work program has an updated estimate of staff cost to enable a more accurate cost recovery.

II. PROGRESS REPORT AND FOUR-YEAR WORK PROGRAM

1. Annual Evaluation Report

5. The IEO has prepared the LDCF/SCCF Annual Evaluation Report (AER) 2023 to report on the performance of the Funds. The AER presents an assessment of project outcomes and sustainability, quality of project monitoring and evaluation (M&E), gender considerations, and vulnerabilities addressed by the cohort of LDCF/SCCF projects included in the GEF Annual Performance Report (APR). This year's AER assessment is based on an analysis of the ratings and information provided in 44 terminal evaluations—including 31 financed by the LDCF and 13 financed by the SCCF—submitted since APR 2021 to align with the changes in reporting on the

APR and the Management Action Record (MAR) which are moving to a biennial reporting schedule. The AER 2023 cohort has a shared value of \$257 million in LDCF/SCCF/GEF funding, and \$1.18 billion in materialized cofinancing.¹ Additionally, the AER includes a summary of the GEF MAR, tracking the progress in implementation of the GEF management's action plan that was endorsed by the LDCF/SCCF Council.

6. AERs 2020 and 2021 also reported on the assessment of terminal evaluations, 29 projects and 18 projects respectively for a total of 91 during the 4-year period. This compares to 40 projects during FY16–19. In addition to project outcomes and sustainability, quality of project monitoring and evaluation (M&E), and gender considerations, the AERs reported on innovative approaches and lessons learned. To align with the new biennial reporting schedule of the APR, AER 2022 presented a special analysis on the impacts of the COVID-19 pandemic on project design, implementation, and results of LDCF and SCCF projects under design or implementation between March 2020 and December 2021.

7. The LDCF/SCCF AERs during FY24–27 will continue to follow the APR's biennial schedule and report on the performance of the LDCF and SCCF through assessment of completed projects using information from terminal evaluations in FY25 and FY27. As the LDCF/SCCF portfolio matures, the submission of an increasing number of terminal evaluations² will permit a more detailed assessment of the portfolio's performance. These AERs will also continue to present MARs to track the implementation of LDCF/SCCF Council-approved action plans. Aside from the assessment of terminal evaluations, the LDCF and SCCF are covered to some degree through thematic evaluations conducted by the IEO. Consequently, the FY24 and FY26 AERs will report on the Funds through synthesis of evaluative evidence, findings, conclusions, and recommendations from GEF Trust Fund evaluations conducted during GEF-8 that also cover LDCF/SCCF projects. Examples of evaluations that integrate adaptation to climate change include evaluations of water security and nature-based solutions interventions.

2. Program Evaluations

8. As part of the four-year work program of the IEO approved by the LDCF/SCCF Council at its 26th meeting in June 2019 (GEF IEO 2019), the IEO conducted program evaluations of the LDCF and SCCF in FY21 and FY22 respectively (GEF IEO 2022a and 2022b). The main objectives of these evaluations were to assess the progress the Funds made since the most recent program evaluations (GEF IEO 2016 and 2018) and the extent to which they were achieving the objectives set out in the GEF-7 adaptation strategy. The LDCF evaluation covered 25 recently approved projects and 34 completed projects for which terminal evaluations had become available since the previous LDCF program evaluation. The SCCF evaluation was subject to limitations because of the limited number of projects that had reached approval (10 projects) or completion (15 projects) since the previous evaluation. Therefore, the evaluation covered

¹ Grant funding includes LDCF/SCCF/GEF amounts approved at CEO endorsement, plus project preparation grants. Agency fees are excluded. Information on realized cofinancing is available for 41 projects.

² It is expected that the number of terminal evaluations submitted will grow at an increasing rate.

the full cohort of 33 completed projects, the recently approved projects, and the role the SCCF plays in the current and future climate finance architecture.

9. The findings and conclusions of the program evaluations informed the *GEF Programming Strategy on Adaptation to Climate Change for the LDCF and the SCCF for the GEF-8 Period of July 1, 2022, to June 30, 2026, and Operational Improvements* (GEF 2022). Program evaluations have also been important for validating good performance and results to encourage donor support. The IEO proposes to update the Fund program evaluations in FY25. The updates will focus on progress made toward LDCF/SCCF objectives, results-based management, the application of GEF policies to LDCF/SCCF, and knowledge management. The Fund program evaluations will be submitted to the Council in a consolidated report in FY25.

3. Thematic Evaluations

10. In FY23, the IEO launched a thematic evaluation of climate information and early warning systems (CIEWS) which are a vital part of reducing vulnerability to the impacts of climate change and building climate change resilience. Strengthening CIEWS has been a commonly deployed intervention for the LDCF and has also been addressed by several GEF Trust Fund, SCCF, and multitrust fund projects. A detailed review of projects addressing CIEWS would fill a knowledge gap in the performance and trends of an intervention that has been elevated to a priority theme in the GEF-8 Programming Strategy on Adaptation to Climate Change. The evaluation intends to understand the relevance and effectiveness of these interventions, including the outcomes and the mechanisms used to achieve outcomes. It also aims to identify lessons applicable to the GEF's future programming of CIEWS interventions. The evaluation uses a variety of methods, including a portfolio review of projects addressing CIEWS, a summary of best practices in CIEWS, project site visits, and key informant interviews. This evaluation will be completed in FY24 and presented to the December 2023 Council.

11. The IEO proposes to conduct a formative evaluation of the Challenge Program for Adaptation under the LDCF/SCCF. The GEF launched the Challenge Program in 2019 in support of the increased emphasis on private sector engagement in its programming directions. The Challenge Program uses a preselection modality for LDCF/SCCF funding, soliciting project concepts through calls for proposals. To date, it has announced two calls for proposals, in mid-2019 and mid-2023, both valued at \$10 million. After a review process, 19 were selected for financing as medium-size projects. Assessment of the Challenge Program for Adaptation Innovation will also inform the recently introduced CSO Challenge Program under the Small Grants Program for which it served as a model. This evaluation will be presented to the Council in FY26.

4. Adaptation in Comprehensive Evaluations of the GEF

12. The IEO has synthesized conclusions and evaluative evidence on adaptation to climate change in the past three OPSs including the *Seventh Comprehensive Evaluation of the GEF* (OPS7) (GEF IEO 2022c). OPS7 brought in evaluative evidence from the AERs prepared during FY19–21, from the 2020 and 2021 program evaluations of the LDCF and the SCCF, and from GEF

Trust Fund evaluations and special studies conducted by the IEO during GEF-7 that included LDCF/SCCF activities. The IEO also conducted a study on the mainstreaming of climate change resilience in the GEF portfolio that informed OPS7.

13. Adaptation to climate change will be included in the *Eighth Comprehensive Evaluation of the GEF* (OPS8) through various channels. OPS8 will bring in evaluative evidence from the AERs prepared during FY23–26, the updates of the program evaluations of the LDCF and SCCF, the thematic evaluation of LDCF/SCCF, and from a GEF Trust Fund evaluation conducted by the IEO during GEF-8 that includes LDCF/SCCF activities. The work on including adaptation in OPS8 is planned for FY25–26.

5. Knowledge Management

14. The purpose of IEO knowledge management activities is to support the use of evaluations across the GEF partnership and to promote the application of lessons from evaluations to improve overall performance and impact. Evaluative evidence and findings from the IEO work program under LDCF/SCCF have been disseminated through several knowledge products and activities. Reports of the LDCF and SCCF program evaluations have been published on the IEO website. The IEO reported on the program evaluations in the reports of the GEF to the 26th and 27th sessions of the Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC). Findings and lessons from the LDCF/SCCF work program were also shared through blogs, and at conferences, including the Third International Conference on Evaluating Environment and Development in October 2019, the third Asian Pacific Evaluation Association Conference 2022 in February, and the 2022 Islamic Development Bank Group Evaluation Symposium in March.

15. During FY24–27 evaluative evidence and findings from the IEO work program under LDCF/SCCF will be disseminated through several knowledge products and activities. Reports of LDCF and SCCF program evaluations and thematic evaluations will be published on the IEO website and links will be shared with stakeholders involved in the evaluations. The IEO will report on these evaluations in reports of the GEF to sessions of the conference of the parties to the UNFCCC. Findings will also be shared through blog posts on Earth-Eval, an online community of practice hosted by the IEO, and conferences such as the Fourth Conference on Integrating Environmental and Socioeconomic Domains for Sustainability that will take place in October 2023.

III. MULTIANNUAL EVALUATION BUDGET

16. The multiannual budget for FY20–23 was approved for a total of \$340,000 in June 2019 (GEF IEO 2019). The LDCF/SCCF Council approved a total budget for the IEO of \$46,000 for FY23 at its 32nd meeting in June 2022. This amount was within the approved envelope for FY20–23. The projected amount to be disbursed by the end of FY23 is approximately 95 percent of the approved budget. Based on the multiannual nature of the budget, any undisbursed funds from the FY23 budget will be rolled over into the FY24 budget.

17. At the 32nd meeting of the LDCF/SCCF Council the IEO also highlighted that considering the maturity of the programs, and the growth of the portfolio, especially for the LDCF, the IEO staff time and costs have been increasing for evaluations of the LDCF/SCCF. For the next four-year budget (FY24–27)³ the IEO would put forth an updated estimate of staff costs to enable a more accurate cost recovery.

18. The IEO has calculated a more accurate cost of implementing the FY24–27 evaluation work program to achieve a more realistic cost recovery. The increase is due to several factors, including the growth of the portfolio and the increasing number of completed projects annually. In the past, staff time to evaluate the growing portfolio has not been sufficiently covered.

19. Table 1 presents the estimated budget by fiscal year for a total of \$1.3 million for FY24–27. The IEO work program has been tailored to that the approved budgets will allow for an effective and efficient delivery of the proposed evaluation work. The amounts shown for the activities cover the staff cost of an IEO senior evaluation officer to manage and contribute to conducting the activities, and the cost of an evaluation analyst to carry out the activities. The multiannual budgets include the costs of consultants, travel, knowledge management and dissemination, and miscellaneous expenses. As the evaluations will be all be led by an IEO staff using in-house human resources, staff cost will be charged directly to the individual evaluation budgets via the World Bank time recording system.

20. The IEO requests the LDCF\SCCF Council's approval for the proposed annual budget of \$339,500 for FY24 to cover the cost of the activities in the work program presented above.

³ The IEO introduced the first multiannual budget for the IEO's FY16–19 work program for LDCF/SCCF in June 2015. This was in line with the practice of the IEO evaluation budget for the GEF Trust Fund and accommodates multiyear evaluations such as OPSs and knowledge-sharing activities after the completion of evaluations.

Table 1: Multiannual Budget of the Independent Evaluation Office of the GEF (thousands \$)

<i>Expense Category/LDCF</i>	<i>FY24 Budget Request</i>	<i>FY25 Budget Request</i>	<i>FY26 Budget Request</i>	<i>FY27 Budget Request</i>	<i>Total</i>
<i>Fixed Cost</i>					
IEO Salaries and Benefits Cost	126,900	130,073	133,324	136,657	526,954
<i>Total (A)</i>	126,900	130,073	133,324	136,657	526,954
<i>Variable Cost</i>					
Consultants	50,000	57,500	22,500	10,000	140,000
Travel	22,000	10,000	10,000		42,000
Knowledge Management/Dissemination	3,000	3,000	3,000	3,000	12,000
Miscellaneous	2,500	2,500	2,500	2,500	10,000
<i>Total (B)</i>	77,500	73,000	38,000	15,500	204,000
<i>Total Annual Budget (A+B)</i>	204,400	203,073	171,324	152,157	730,954
<i>Expense Category/SCCF</i>	<i>FY24 Budget Request</i>	<i>FY25 Budget Request</i>	<i>FY26 Budget Request</i>	<i>FY27 Budget Request</i>	<i>Total</i>
<i>Fixed Cost</i>					
IEO Salaries and Benefits Cost	84,600	86,715	88,883	91,105	351,303
<i>Total (A)</i>	84,600	86,715	88,883	91,105	351,303
<i>Variable Cost</i>					
Consultants	25,000	42,500	22,500	35,000	125,000
Travel	20,000	10,000	10,000		40,000
Knowledge Management/Dissemination	3,000	3,000	3,000	3,000	12,000
Miscellaneous	2,500	2,500	2,500	2,500	10,000
<i>Total (B)</i>	50,500	58,000	38,000	40,500	187,000
<i>Total Annual Budget (A+B)</i>	135,100	144,715	126,883	131,605	538,303
LDCF/SCCF Total					
<i>Total Annual Budget</i>	339,500	347,788	298,207	283,762	1,269,257

IV. REFERENCES

All URLs were checked before publication or as of the access date noted.

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