OPS5

FIFTH OVERALL PERFORMANCE STUDY OF THE GEF

FINAL REPORT: At the Crossroads for Higher Impact

SUMMARY

gef IEO Independent Evaluation Office
GLOBAL ENVIRONMENT FACILITY

OPS5

FIFTH OVERALL PERFORMANCE STUDY OF THE GEF

FINAL REPORT:

AT THE CROSSROADS FOR HIGHER IMPACT

SUMMARY

gef IEO Independent Evaluation Office
GLOBAL ENVIRONMENT FACILITY

1818 H Street, NW
Washington, DC 20433
Internet: www.gefieo.org
Email: gefeo@thegef.org

Credits

Cover design: Eszter Szocs
Interior design, editing, and layout: Nita Congress

ISBN-10: 1-933992-65-4
ISBN-13: 978-1-933992-65-5

Evaluation Report No. 88

A FREE PUBLICATION

INTRODUCTION

The Global Environment Facility (GEF) is one of the most thoroughly evaluated international organizations. Its pilot phase was evaluated by an external independent evaluation. When the restructured GEF took shape, external independent evaluation became the norm for every replenishment period, with an overall comprehensive study of the Facility's performance undertaken to inform the next replenishment cycle. At first, these performance studies were outsourced and undertaken by evaluation teams or firms specifically hired for the purpose. After the GEF's Independent Evaluation Office was set up, the overall performance studies (OPSs) were taken up by that Office, and the Fifth Overall Performance Study (OPS5) is the second executed by it.

Over time, the term "performance study" has become less appropriate. The sheer volume of evaluative evidence in the GEF has increased dramatically and rather than a "study" based on interviews and expert opinion, it should now rightly be called an "evaluation" based on solid evidence. Where early OPSs focused to a large extent on performance, both OPS4 and OPS5 have shifted attention to impact issues: is the GEF making a difference in the world? Evaluations that include a performance and institutional perspective on the one hand, and an effectiveness and impact perspective on the other, tend to be called "comprehensive evaluations." This Fifth Overall Performance Study should therefore be the last so called—the next one should be the Sixth Comprehensive Evaluation of the GEF.

The potential to learn from past successes and mistakes through existing evaluative evidence may be high in the GEF, but that does not guarantee that problems are easily solvable, nor does it guarantee that the Facility has a good learning culture. Previous OPSs have noted that knowledge management and learning tend to take place in GEF Agencies rather than in countries and across Agencies. OPS5 contains further evidence that learning in the GEF is complicated. Evaluative evidence tends to be used mainly for accountability purposes; the learning function from evaluation is underutilized. Certainly this issue should be explored more thoroughly in the GEF-6 period.

OPS5 provides evidence that the GEF has a catalytic role in supporting countries in meeting their obligations to multilateral environmental agreements and in tackling global environmental problems. This catalytic role has a strong history: the Agencies, countries, and project proponents have more than 20 years of experience with this model. Furthermore, GEF-supported efforts are now paying off and having a demonstrated impact on environmental trends. This is encouraging, given the long-term duration of the required changes in ecosystems and biophysical processes, but also insufficient to address the global scale of many of the problems, given the funding levels of the GEF and its partners. The take-away, however, is that the intervention model of the GEF works, is effective, and has impact.

On the organizational side, the GEF continues to search for the square of the circle. As a networking and partnering facility, it faces stark choices on how to function as smoothly as possible in supporting the interventions that justify its existence. Internal and external circumstances and trends have caused the recurrence of several problems that were thought to have been solved or to at least have been going in the right direction. Network interactions were scaled back, but may have reached a level that is too low for meaningful communication; the project cycle—especially in its approval phase—has reduced the dramatic delays of the past but cannot (yet) be termed efficient; the complexity of the issues to be tackled as set forth in the guidance of the conventions and the focal area strategies may be particularly difficult to deal with via results-based management, and so on. Lastly, the appropriateness of the current model is in question. The GEF is a funding facility rather than an implementing agency, but many elements of its operational modes are derived from implementing agencies that have full control over their project cycles and implementation arrangements. The way that the GEF has organized its processes—its business model—is at a crossroads; the GEF will need to enter into a self-reflective mode to find solutions in the coming replenishment period.

PORTFOLIO OVERVIEW

The GEF Trust Fund has been the primary source for grants made by the GEF. The GEF also administers the Least Developed Countries Fund (LDCF), the Special Climate Change Fund (SCCF), and the Nagoya Protocol Implementation Fund (NPIF). As of September 30, 2013, the GEF had provided total funding of $13.02 billion through these trust funds (table 1). Overall, 3,566 projects that account for $13.02 billion in GEF grants had been funded by September 30, 2013 (table 2). Nine months before the end of the GEF-5 replenishment period, utilization in GEF-5 for the main trust fund has surpassed the GEF-4 numbers.

In dollar terms, climate change and biodiversity projects each account for about a third of the GEF Trust Fund funding utilized. The share of funding for international waters projects has fluctuated and was at its lowest during GEF-5 at 9 percent. The share of resources allocated to land degradation projects has stayed stable at 9 percent since its designation as a separate focal area in GEF-3, while the share of resources allocated for persistent organic pollutants (POPs) has risen, from 2 percent in GEF-2 to 10 percent in GEF-5. Ozone-depleting substances (ODS) projects, which accounted for 12 percent of funds

TABLE 1 UTILIZATION OF TRUST FUNDS ADMINISTERED BY THE GEF (MILLION $)

FUND	PILOT PHASE	GEF-1	GEF-2	GEF-3	GEF-4	GEF-5	TOTAL
GEF Trust Fund	662	1,036	1,818	2,950	2,790	2,880	12,138
LDCF	n.a.	n.a.	n.a.	11	143	480	634
SCCF	n.a.	n.a.	n.a.	16	89	136	241
NPIF	n.a.	n.a.	n.a.	n.a.	n.a.	10	10
Total	662	1,036	1,818	2,977	3,022	3,506	13,022

NOTE: n.a. = not applicable. Data are as of September 30, 2013, and are for approved projects, excluding SGP projects and projects that were canceled without any utilization.

TABLE 2 GEF PROJECTS BY TRUST FUND AND FOCAL AREA

TRUST FUND/ FOCAL AREA	PILOT		GEF-1		GEF-2		GEF-3		GEF-4		GEF-5		TOTAL
	#	%	#	%	#	%	#	%	#	%	#	%	#
GEF Trust Fund	116	100	371	100	617	100	850	100	751	100	644	100	3,349
BD	62	53	203	55	282	46	240	28	269	36	165	26	1,221
CC	38	33	137	37	209	34	170	20	199	26	135	22	888
IW	13	11	14	4	47	8	54	6	57	8	24	4	209
LD	n.a.	n.a.	n.a.	n.a.	1	< 1	96	11	41	5	50	8	188
Multifocal	1	1	5	1	26	4	191	22	104	14	140	22	467
ODS	2	2	12	3	7	1	3	< 1	3	< 1	2	< 1	29
POPs	n.a.	n.a.	n.a.	n.a.	45	7	96	11	78	10	109	17	328
MTF	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	19	3	19
LDCF	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	46	100	43	100	73	100	162
Only LDCF	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	46	100	43	100	63	86	152
MTF	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	10	14	10
SCCF	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	6	100	19	100	21	100	46
Only SCCF	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	6	100	19	100	9	43	34
MTF	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	12	57	12
NPIF	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	7	100	7
Only NPIF	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	6	86	6
MTF	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1	14	1
All trust funds	116	100	371	100	617	100	902	100	813	100	747	100	3,566

NOTE: n.a. = not applicable; BD = biodiversity; CC = climate change; IW = international waters; LD = land degradation; MTF = multitrust fund. Data are as of September 30, 2013, and exclude SGP projects.

in GEF-1, have represented a very small share of the portfolio since GEF-2, as this focal area is winding down its operations.

The increasing trend toward multifocal area projects and programs has accelerated during GEF-5. As of September 30, 2013, $2.82 billion of the GEF-5 focal area programming had been utilized, of which multifocal projects (including multitrust fund projects) accounted for $1.21 billion (42 percent).

The GEF provides funding through four basic modalities: full-size projects, medium-size projects, enabling activities, and the Small Grants Programme (SGP). During GEF-5, full-size projects continued to be the main funding modality of the GEF, accounting for 86 percent of GEF funding. The share of medium-size projects has dropped from 8 percent in OPS4 to 4 percent. In November 2012, the GEF Council decided to increase the funding limit for medium-size projects from $1.0 million to $2.0 million. This increase in the funding ceiling may provide greater incentives for this project modality. The increase in the portfolio share of the SGP is noteworthy, rising from 2 percent in the pilot phase to 9 percent in GEF-5.

The shares of GEF funding for individual GEF Agencies have changed over time (table 3). Since GEF-4, the United Nations Development Programme has held the largest share of GEF funding at over 40 percent. The World Bank has around 25 percent, and the United Nations Environment Programme has

TABLE 3 GEF FUNDING BY AGENCY

	PILOT		GEF-1		GEF-2		GEF-3		GEF-4		GEF-5		TOTAL	
AGENCY	M$	%	M$	%	M$	%	M$	%	M$	%	M$	%	M$	%
UNDP	252	38	377	36	644	35	1,134	38	1,261	42	1,474	42	5,143	40
UNEP	18	3	44	4	199	11	297	11	360	12	363	10	1,281	10
WB	390	59	615	59	957	53	1,418	48	803	27	805	23	4,988	38
ADB	n.a.	n.a.	n.a.	n.a.	7	< 1	48	2	87	3	57	2	199	2
AfDB	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	14	1	129	4	142	1
EBRD	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	53	2	52	2	104	1
FAO	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	14	1	78	3	221	6	314	2
IDB	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	17	1	90	3	169	5	275	2
IFAD	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	29	1	86	3	53	2	169	1
UNIDO	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	20	1	187	6	179	5	398	3
Secretariat	3	< 1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	7	< 1	10	< 1
Total	662	100	1,037	100	1,818	100	2,977	100	3,022	100	3,506	100	13,022	100

NOTE: n.a. = not applicable; WB = World Bank; ADB = Asian Development Bank; AfDB = African Development Bank; EBRD = European Bank for Reconstruction and Development; FAO = Food and Agriculture Organization of the United Nations; IDB = Inter-American Development Bank; UNIDO = United Nations Industrial Development Organization. Data are as of September 30, 2013, and include all trust funds.

10 percent; the other Agencies account for the remaining 25 percent. Major shifts in the share of funding among Agencies took place in GEF-4, when the new Agencies became visible in GEF projects.

The United Nations Development Programme accounts for nearly two-thirds of the $572 million LDCF portfolio. The World Bank, in contrast, has a very limited presence in LDCF projects, but is the Agency with the largest share of the SCCF portfolio (37 percent). Some Agencies, such as the African Development Bank and the International Fund for Agricultural Development, have found a niche in these other funds, which account for a large share (48 percent and 33 percent) of their respective portfolios.

Table 4 shows funding share by region across the GEF phases. Asia, with 30 percent of GEF-5 funding, continues to receive the largest share of funding by region. Spending in Africa continues to show a decline when only the GEF Trust Fund is considered (20 percent of funds, the lowest level since GEF-2). As one of the major recipients of adaptation funds, however, Africa's share of resources received from all GEF-administered funds increases to 27 percent.

TABLE 4 GEF FUNDING BY REGION

	PILOT		GEF-1		GEF-2		GEF-3		GEF-4		GEF-5		TOTAL	
REGION	M$	%	M$	%	M$	%	M$	%	M$	%	M$	%	M$	%
Africa	118	18	192	19	350	19	813	27	767	25	943	27	3,183	24
Asia	228	35	273	26	425	23	639	22	890	30	1,043	30	3,498	27
ECA	58	9	237	23	239	13	367	12	322	11	356	10	1,579	12
LAC	153	23	141	14	477	26	560	19	607	20	655	19	2,593	20
Interregional/ global	106	16	193	19	327	18	597	20	436	14	510	15	2,169	17
Total	662	100	1,037	100	1,818	100	2,977	100	3,021	100	3,506	100	13,022	100

NOTE: ECA = Europe and Central Asia; LAC = Latin America and the Caribbean. Data are as of September 30, 2013, and include all trust funds.

Based on national projects undertaken across countries through the main Trust Fund, there has been an increase in GEF support for countries in special conditions in GEF-5 (table 5). Compared to GEF-4, funding to fragile countries has nearly doubled, while funding to small island developing states has increased by 63 percent, and that to landlocked countries by 17 percent.

TABLE 5 GEF FUNDING OF NATIONAL PROJECTS BY COUNTRY TYPE

TYPE	PILOT		GEF-1		GEF-2		GEF-3		GEF-4		GEF-5	
	M$	%	M$	%	M$	%	M$	%	M$	%	M$	%
LDC	50	10	89	13	169	14	302	17	267	14	280	15
SIDS	25	5	16	2	47	4	80	4	82	4	134	7
Landlocked	49	10	43	6	158	13	247	14	204	11	239	13
Fragile	28	6	31	4	35	3	120	7	96	5	181	10
Other[a]	382	79	569	83	926	75	1,330	73	1,446	76	1,332	71
Total	482	100	690	100	1,232	100	1,829	100	1,894	100	1,884	100

NOTE: LDC = least developed country; SIDS = small island developing states. Data are for GEF Trust Fund projects as of September 30, 2013, and exclude SGP projects. Details do not add up to totals because countries can be classified in more than one group.

a. Countries that are not LDCs, SIDS, fragile, or landlocked.

APPROACH, SCOPE, AND LIMITATIONS

The evaluation approach of OPS5 is theory based, follows a mixed methods approach, and is focused on using the appropriate methods and tools for the key questions identified. Much of the work for OPS5 was based on the generic theory of change developed for the GEF. The First Report was based on a meta-evaluation of the evaluation reports, studies, and reviews of the Independent Evaluation Office since OPS4. The work for this Final Report has been carried out through substudies undertaken with appropriate and relevant mixed methods. The performance team in the Office provided support to all substudies by ensuring they used the same cohorts of completed and Chief Executive Officer (CEO) –endorsed projects, as well as other portfolio data. The thematic team provided deeper analysis of focal area strategies, and the country portfolio team made country-level evidence available where relevant. The impact team developed specific tools and methods, such as the generic theory of change. It also introduced new methods such as qualitative comparative analysis and social network analysis software.

The OPS5 approach paper was developed in coordination with GEF stakeholders and can be downloaded from the OPS5 website (http://www.thegef.org/gef/OPS5). The Final Report is based on the evaluative findings of 21 technical documents published on the OPS5 website, as well as analytical work on specific issues.

OPS5 thus builds on 33 evaluations and studies undertaken by the Office since OPS4, and 21 OPS5 substudies, as well as reviews of terminal evaluations of 491 completed projects. The full GEF portfolio of 3,566 projects from the pilot phase through September 30, 2013, has been included in the analysis, with specific attention directed at the 969 projects approved since the close of OPS4. OPS5 incorporates country-level evidence from 54 countries, and evidence from visits to 118 full- and medium-size projects, as well as to 92 projects of the GEF SGP.

The limitations regarding the evaluative evidence in the GEF have been highlighted in the many evaluations conducted by the Office. To summarize, completed projects and their terminal evaluations were initiated in the early phases of the GEF and thus may not reflect current practice. Impact evaluations search for evidence of progress toward impact five to eight years after projects have completed, thus referring even further back to initiatives from the very early phases of the GEF. The focal area evaluations have indicated continuity and consistency in project objectives and elements, which points to the relevance of evaluative findings for the present and future of the GEF. CEO-endorsed projects are evaluated on the basis of their design and project documentation; they may turn out differently. Support is provided in many countries: typically, country comparisons fail as countries tend to have many different characteristics that make their development histories unique, posing additional challenges to drawing conclusions from evaluative evidence. These limitations are no different than those of other multilateral and international organizations, and their existence qualifies and sometimes tempers judgments.

***

Three high-level senior independent evaluation advisors have interacted with the OPS5 team: Zhaoying Chen (China), Kabir Hashim (Sri Lanka), and Elizabeth McAllister (Canada). Their statement on the quality of the report and the extent to which it meets the key questions in the terms of reference is included as annex A of the full Final Report. Quality assurance has been provided by a reference group composed of colleagues of the independent evaluation offices of the GEF Agencies. Also, all technical documents were circulated to GEF stakeholders for comment on factual or analytical errors. Several of the technical documents were discussed in interagency meetings as well. Many useful comments were received, and the Independent Evaluation Office thanks all commentators for their efforts and support; full acknowledgments are included in annex E of the full Final Report. The Office remains fully responsible for any remaining mistakes and for its final analysis of the findings.

MAIN CONCLUSIONS AND RECOMMENDATIONS

The overarching conclusions of OPS5 on the criteria of relevance, efficiency, effectiveness, sustainability, and impact show continuity from OPS4 to OPS5 (box 1). The GEF continues to be highly relevant, successful in its interventions, and increasingly inefficient in its operations. While its intervention model can and should become even more catalytic, its business model is at a crossroads and should be redefined in the coming replenishment period.

The replenishment takes place against a somber background. OPS4 concluded in 2009 that "global environmental trends continue to spiral downward."[1] Scientific insights since 2009 continue to confirm this gloomy perspective. New is the emphasis

1 GEF Independent Evaluation Office, *OPS4: Progress Toward Impact* (Washington, DC: 2010), http://www.thegef.org/gef/OPS4.

BOX 1 GEF SUMMARY JUDGMENT ON EVALUATION CRITERIA

To the extent that its overall funding level permits, the GEF is **relevant** to the conventions and to regional and national priorities.

The **efficiency** of the GEF continues to be problematic, due to an out-of-date business model that includes networking arrangements that have become too complex, a focus on approval of projects rather than programs, and an overburdened results-based management system.

GEF projects are **effective** in producing outcomes, with their average score over the GEF-5 period of more than 80 percent exceeding the international benchmark of 75 percent.

Sustainability and **progress toward impact** of these outcomes is promising—only 7 percent of the completed projects show no evidence of broader adoption or environmental impact—and can be further strengthened by catalyzing broader adoption and speeding up progress toward impact.

The **added value** of the GEF is found in its unique position as a financial mechanism of multilateral environmental agreements, which allows it to focus its support on priorities that have been agreed upon internationally and are acted upon in a catalytic way at national, regional, and global levels. The GEF is achieving its mandate and objectives.

on planetary boundaries and limits that humanity is approaching. The First Report of OPS5 repeated the conclusion of OPS4, and the Final Report has no choice but to repeat it again. No evidence has emerged between March and the finalization of this report that would change this conclusion. It sets the stage for the GEF replenishment.

In the coming years, less global public funding is expected to be available for supporting developing countries. Many developed countries have lower levels of discretionary spending in their public budgets and thus are decreasing their official development assistance commitments. Ensuring that GEF-6 would have the same purchasing power as GEF-5 could be a major achievement in this setting. Yet at the same time, the GEF has accepted a major new commitment in becoming a key financial instrument to the Minamata Convention on Mercury, with high expectations that substantial funding will become available.

CONCLUSION 1

Global environmental trends continue to decline. The replenishment may show no increase in purchasing power, while the GEF has accepted more obligations.

The new role of the GEF vis-à-vis the mercury convention may perhaps be partly financed out of decreasing needs with regard to ODS, where remaining follow-up action is less financially demanding; but overall, it is difficult to see how the GEF can maintain its catalytic role if its purchasing power is not maintained. OPS5 finds evidence that higher levels of GEF funding in projects lead to faster progress toward impact. Meeting increased obligations with the same replenishment amount or less will spread funds thinner and reduce the speed with which impact is achieved. The GEF therefore needs to focus on the strategic issues on which it can make a difference, or face a situation where it promises support but is not able to deliver on this promise.

RECOMMENDATION 1

Resource mobilization and strategic choices in the GEF need to reflect the urgency of global environmental problems.

Improvements can be made both in the level of funding and in the way funds are made available to the GEF to provide evidence that the urgency of global environmental problems of common concern leads to more and more rapid action. OPS5 contains specific recommendations on how resource mobilization can be strengthened and funds be made more quickly available for action on the ground.

The differentiated responsibilities for action are currently expressed in the GEF through solid contributions of the developed countries to the GEF Trust Fund, whereas developing countries and countries with economies in transition tend to provide high amounts of funding through cofinancing of GEF projects, supported by other cofinancing that ensures a formidable partnership to tackle problems on the ground. Several recipient countries have increased their pledges to the GEF during GEF-4, yet these continue to be lower than their contributions to other international organizations.

The following specific recommendations indicate the direction in which actions can be taken.

1.1 Burden-sharing arrangements and pro rata contribution arrangements should be abandoned in the GEF replenishment, as they hurt rather than help.

1.2 Broadening the financing basis should be further explored and should include an invitation to the European Commission to become a donor to the GEF.

1.3 1.3 A no-risk soft pipeline, accepted practice in many bilateral aid organizations and international organizations, should be initiated. This could lead to speeding up the delivery of about $400 million of transfers to recipient countries at a time when the urgency of global environmental problems is increasing.

CONCLUSION 2

The business model of the GEF is no longer appropriate and leads to growing inefficiencies.

The successes of the GEF in initiating and supporting progress toward impact should not be underestimated, but they often are achieved after overcoming severe administrative barriers on the way. The GEF project cycle, which is not a true cycle but consists of GEF decision points in the cycles of the GEF Agencies, is notoriously slow. It takes six months before at least half of the project concepts are accepted and are taken up in a work program of the Council. It takes another 20 months for at least half of the approved project concepts to be fully prepared and achieve CEO endorsement. Only half of the CEO-endorsed projects start within five months after that. All in all, it takes 2.5 years for half of the concepts to become a reality on the ground. At that time, the other half of the concepts remain stuck at various decision points. Implementation takes 5 years on average, and is often extended by another 1.5 years.

Project cycle reform has failed so far, but its failure has also been veiled, as the ambition of the reform did not go far enough and the measurement of success or failure was faulty. When the project cycle target was set at 22 months and the Secretariat started to report on averages of approved projects, this became the indicator and its measurement. OPS4 could not verify the success or failure of the 22-month target, as insufficient time had passed since the start of GEF-4. When the target was lowered to 18 months, OPS5 can now report on the target and its agreed-upon indicator. The indicator of the average of approved projects turns out to be insufficient to demonstrate the full picture. The GEF therefore faces a new situation. Its indicator has so far shown that the target has been met both in GEF-4 and in GEF-5. GEF reporting on this has been correct. OPS5 shows that a better indicator is needed and that another reform is needed.

Some promise is shown in the project cycle through two developments: approvals of programs tend to lead to faster approval of projects proposed within the program, and the harmonization of project cycles between the GEF and the World Bank could lead to lower transaction costs and faster processing of proposals.

OPS5 identifies a plurality of reasons for the failure to expedite project decisions, but they can be narrowed down to two major reasons: challenges in how the GEF decision points are set up and executed, and increasing difficulties in the functioning of the GEF network. On the GEF decision points, this report contains many specific suggestions and recommendations on how to speed up the work. On the network, the GEF is now over the limit of the number of communications and interactions that allow for an effective and efficient communication network, given the number of actors involved.

As a result of the overburdening of the network, the GEF partnership—one of its best assets—is in danger of disruption. During the latter part of GEF-4 and the early part of GEF-5, this was not yet visible, as the then-CEO rearranged the partnership and the network, and succeeded in reducing the number of interactions to ensure that the network would remain viable. However, the current CEO has been appointed and welcomed with the vision that the GEF would be the "partner of choice," and her vision to restore the partnership now runs into barriers of what the network can accommodate. This Gordian knot will have to be addressed during GEF-6.

RECOMMENDATION 2

The business model of the GEF needs major overhaul in the GEF-6 period.

OPS5 recommends reorienting the GEF decision points. The move toward programming and programmatic approaches should continue. In time, the work program, currently consisting mostly of project concepts, should consist mainly of approvals of programming proposals of recipient countries and programmatic approaches of regional and global environmental problems. Project proposals should be cleared by the CEO for further development. The work program should be published on a no-objection basis, as is currently the case for CEO endorsement. This will speed up the process considerably. Furthermore, the experiences with the harmonization of the GEF and World Bank cycles could be extended to other GEF Agencies within a more programmatic framework.

Cofinancing requirements, which now cause considerable delay at both clearance of project concept and CEO endorsement, can be abandoned in the clearance stage and should be relaxed at the CEO endorsement stage. This will speed up decision making considerably. Rather than ask for firm proof that cofinancing is guaranteed, statements of intent should be accepted above an agreed minimum level, especially from such partners as the private sector. Project proponents now often commit months of time to ensure proof of cofinancing that OPS5 finds is often an underestimate of the final cofinancing achieved. In the case of the private sector, the promised cofinancing almost invariably does not materialize, despite firm commitments on paper, and is almost always replaced by even higher levels of cofinancing from other private sector partners. In other words, cofinancing requirements have led to time-consuming interactions between the GEF Secretariat, the GEF Agencies, countries, and other partners in order to obtain written proof of amounts that in most projects are surpassed by reality.

Cofinancing in general has been a huge success in the GEF, outscoring expectations. OPS5 brings some reality to this picture: the very high rates of cofinancing are due to outliers: huge full-size projects that attract very high ratios of cofinancing. OPS5 also finds that cofinancing is in line with the principles of baselines and incremental costs and that it plays a crucial role in creating a strong partnership on the ground that carries action forward to achieve long-term impacts. The outliers should not become the norm—but they should be taken into account, as they are just as much a part of the catalytic role of the GEF as some of the enabling activities that require no cofinancing. The GEF should continue to strongly encourage cofinancing, but it should relax its fixation on the ratio per intervention and accept lower rates in regions and countries that have difficulty in achieving high rates, and encourage higher levels of cofinancing where this is possible. The one-size-fits-all approach has crippled the project cycle.

The GEF's results-based management (RBM) framework is another delaying factor that has taken a dramatic turn for the worse. Rather than promoting results, it actually delays them. The GEF-5 framework adopted by the replenishment negotiations has crippled the GEF approval system with too many elements, too many indicators, and a "mission impossible" in what it sets out to measure. Whereas the GEF-4 framework counted 285 elements, including more than 140 indicators, the GEF-5 framework contains an astounding 616 elements in 11 inconsistent categories with approximately 180 indicators—many of which would require a lot of effort to assemble through the tracking tools of the focal areas, which pose their own burden.

Handbooks on RBM and monitoring advise identifying the lowest number of indicators that will tell an organization whether its outcomes are achieved. The Independent Evaluation Group of the World Bank, after reviewing more than 50 global partnership programs, advised them to identify no more than 5 to 10 "easily measured outcome indicators for which data are readily available."[2] OPS4 was finished by the time the replenishment agreed on the highly ambitious RBM framework for GEF-5. However, the Independent Evaluation Office should have performed an evaluability assessment of the framework, which could have brought this issue to light before the framework was implemented. The Office did not and bears responsibility for this. It now offers to provide an evaluability assessment on the emerging RBM framework for GEF-6.

This leads to the following specific recommendations that provide the direction for solutions.

2.1 The RBM framework for GEF-6 should include a limited number of outcome indicators that can be measured through existing or easily generated data. The

2 Independent Evaluation Group, *Global Program Review: The Global Facility for Disaster Reduction and Recovery*. Volume 6 (2) (Washington, DC: World Bank, 21012). http://ieg.worldbankgroup.org/Data/reports/gfdrr_gpr.pdf.

Independent Evaluation Office should assess the evaluability of this framework before it is finalized by the Council.

2.2 The tracking tools should be simplified, and where global public knowledge databases are receiving the generated data, this should be implemented and funded adequately. The burden of the tracking tools on multifocal area projects should be reduced.

2.3 The GEF should shift cofinancing considerations to programming (through updated guidelines) and to the CEO endorsement and GEF Agency approval stages, to encourage partners on the ground to continue to find appropriate solutions that lead to high levels of cofinancing, solid financing of baselines, and increased global environmental benefits. This shift should reduce costs for the Agencies and revitalize the partnership on the ground.

2.4 The GEF network should redefine the inclusion of partners at decision points, focusing on Council decisions on strategies and policies on the one hand and on country-level decisions, coordinated by operational focal points, on the other hand. The replenishment should invite the Council, the CEO, and the GEF partners to develop a new partnership vision during GEF-6.

2.5 The role of programs and programming frameworks should be strengthened. The Council should approve programming documents that could lead to project proposals for CEO endorsement, including country-level programming. For traditional projects, the clearance requirements for concepts should be reduced to eligibility issues; inclusion in the work program should be delegated by the Council to the CEO, to be published on a no-objection basis. If project concepts or proposals for CEO endorsement require more than two interactions between the Secretariat and an Agency, issues should be resolved in diagnostic workshops.

2.6 A new business model of the GEF should include a revitalized public involvement policy, a corporate strategy for the SGP, and a shift of the Scientific and Technical Advisory Panel's (STAP's) quality assurance role from screening projects to screening programs and portfolios. The United Nations Environment Programme's support of the STAP needs to recognize its functional independence and to ensure adequate administrative and logistical support.

CONCLUSION 3

The intervention logic of the GEF is catalytic and successful in achieving impact over time.

The problems with the GEF business model should not overshadow the considerable achievements of the GEF's intervention logic, or theory of change. Although the Facility could be characterized as a slow delivery mechanism that burdens its projects with often unnecessary requirements, the resulting projects continue to deliver excellent outcomes above international benchmarks (more than 80 percent have outcomes that are rated as moderately satisfactory or higher) and show solid evidence of progress toward impact, even though this could be speeded up. Furthermore, counterfactual analysis shows that many GEF-supported efforts would not have occurred without a catalytic GEF contribution; where they would have occurred, it would have been more slowly or not in line with international standards. In studying 18 climate change mitigation projects in depth, only 1 was expected to have come about with the same speed and quality in the absence of GEF support. The other 17 provide evidence of the catalytic success of the GEF. This finding triangulates with evidence from other evaluations of the Independent Evaluation Office.

The intervention logic of the GEF is not only successful at the national level, but also regionally and globally. However, regional and global projects manifest extra challenges to achieve impact, and more should and could be done to achieve the same level of effectiveness and broader adoption for these.

Though interventions differ by focal area, and by objective within focal areas, they nevertheless have intervention logic in common. The evidence for this has been distilled by the Independent Evaluation Office in the generic GEF theory of change, which consists of elements that have been demonstrated to work time and again in many GEF-supported projects. Depending on the environmental issue that needs to be addressed and the circumstances, projects have a mixture of knowledge, institutional, and implementation mechanisms that address foundational, demonstration, and investment issues shown to lead to progress toward impact. An in-depth analysis shows that only 7 percent of completed projects have no chance of broader adoption of solutions or direct environmental impact. If any conclusion should be drawn from this, it is that the GEF should take higher risks, with potential higher gains. Of course, this would also increase the number of failures; internationally, 25 percent is often seen as acceptable for innovative interventions and programs.

Taking sufficient time to achieve broader adoption and impact and the involvement of key partners are essential. These are effectuated through strong partnership on the ground, through cofinancing, and through the continuation of activities long after the GEF-supported intervention has ended. Several processes lead to broader adoption: notably, the gradual establishment of virtuous cycles of change in behavior in society and the economy, encouraged by actions of government, civil society, the private sector, and local communities to reduce threats to the environment. These in turn lead to the slow but unmistakable restoration of biophysical processes that ensure ecosystem services in the longer run and tackle specific problems including biodiversity loss; climate change; transboundary issues involving water bodies, POPs, and waste; as well as land degradation.

The catalytic role of the GEF is enabled by its unique link to the multilateral environmental agreements for which it is a financing mechanism. Countries that are signatories to the conventions have to incorporate convention guidance in their national strategies, policies, and priorities; the GEF provides funding for this. Unique among international organizations, the GEF has a strong mandate to interact with countries on how global environmental benefits could be incorporated in national laws and regulations. This is primarily demonstrated in the alignment of GEF support with national priorities, which is remarkable in terms of the Paris Declaration. However, some of this alignment is more evident in text than on the ground, as country ownership and drivenness continue to demonstrate room for improvement. Where country ownership is achieved, outcomes improve and the speed of transformation and broader adoption increases as well.

Multifocal area projects increasingly are seen as an answer to problems on the ground, which often require connected efforts in different focal areas to be solved. They also provide a higher level of funding that may speed progress toward impact, as is found in the impact work of OPS5. Deeper analysis of the most recent multifocal area projects shows that these continue to exhibit the same characteristics as older multifocal area projects. If the burden of monitoring and tracking tools on these projects were reduced, they could potentially become the modality of the future for the GEF, with focal area strategies becoming focal area guidance and an emphasis placed on impact drivers, a logic of intervention that aims to remove barriers to broader adoption, and a better vehicle for partnerships that can tackle these barriers.

RECOMMENDATION 3

To maximize results, the intervention model of the GEF needs to be applied where it is most needed and supported by a better business model.

The GEF intervention model is successful, yet it is not solving the world's problems. This is partly an issue of scale, and partly an issue of a stronger focus being needed on the most urgent problems of our time. Even if the scale does not change, the focus could be improved and the model sharpened.

Crucial to the intervention model is behavior change that needs to ensure that environmental threats are removed. This change will come about if it is profitable to the people who need to change their behavior—that is, if the changes benefit them as well. Social, economic, and gender benefits are thus an essential means to achieve sustainable change in the often disastrous interactions between humanity and its degrading environment.

The GEF has tried to improve its engagements with civil society (including indigenous peoples) and the private sector, and its integration of gender issues in its operations through changes in its business model. It has created set-asides for the private sector (through, e.g., the Earth Fund) and for local communities (through the SGP), and has looked for assurances at GEF decision points that cofinancing and other requirements would be met. It is time to shift these elements to where they belong: to the intervention model and to programming and national-level priority setting and analysis. The GEF should provide additional support to national and regional exercises to ensure stronger partnerships on the ground that will in turn ensure faster progress toward impact.

Many encouraging developments can be seen in civil society and in the private sector toward a sustainable use of natural resources while reducing poverty and ensuring green growth. However, many destructive impacts of practices in society and in the private sector continue unabated—and they continue to outpace the encouraging developments. The GEF 2020 vision and the proposals for a strategic focus in GEF-6 pay attention to these issues. It is vital to engage with civil society and the private sector at the country level on these issues not only to support good developments, but also to address the impact drivers that cause havoc.

Rather than reviewing project concepts with a magnifying glass to find evidence of the right focus to solve environmental problems—although due diligence should of course continue—the GEF should start supporting knowledge brokerage on the many successes and achievements of its intervention model, which was developed with its partners, and which should be more widely shared through new efforts in knowledge management. The challenge is to refocus the partnership where it is and should be most effective: on the ground, rather than in Washington, D.C.

OPS5 proposes to create an open community of practice on the GEF's intervention model; this could be shared with its many partners and could lead to even better practices. The challenge is to increase the speed toward impact. The impact work of the Office provides evidence on what works well and what could be further improved. The Office's impact work finds evidence that projects that incorporate initiatives that support broader adoption after the project has ended—and that also involve the key stakeholders—are most successful in speeding impact. How to incorporate this in project design and implementation could be one of the first subjects tackled by this community of practice.

This leads to the following specific recommendations that point in the direction of promoting better strategic choices and faster action toward longer term impact.

3.1 Strategic choices and efforts to speed up broader adoption need to be an important focus of national and regional programming. Involvement of stakeholders is a key element.

1.2 The GEF should encourage countries to take both civil society organization and private sector engagement into account in priority setting and portfolio identification for GEF-6.

1.3 Focal area and multifocal area approaches should include consideration of how to engage civil society and the private sector in areas where current practices have the most severe impacts on the environment.

1.4 The strategic role of the STAP in the GEF should be strengthened, with a stronger focus on addressing both natural and social science issues; targeted research should be revitalized and focus on learning from the increasingly large portfolio of completed projects.

1.5 The SGP Steering Committee should be revitalized and strengthened where necessary. It should engage with the United Nations Development Programme and the Secretariat to ensure the corporate nature of the SGP and to provide strategic guidance to future directions of the program and the modality.

1.6 The GEF should adopt an action plan on implementing the GEF gender mainstreaming policy, taking OPS5 findings into account.

1.7 An integrated knowledge management and capacity development strategy should support this. New means for brokering knowledge, such as a community of practice of project proponents on better design and implementation for longer term impact, should be explored with sufficient funding and adequate resources, learning from successes such as IW:Learn.

Independent Evaluation Office
GLOBAL ENVIRONMENT FACILITY

Global Environment Facility
Independent Evaluation Office
1818 H Street, NW
Washington, DC 20433
USA

www.gefieo.org