

IEO Learnings

Prepared by the Independent Evaluation Office of the GEF • August 2021



GEF ADDITIONALITY: BROADENING THE DEFINITION

New IEO framework is a unique approach to assess the pathways GEF projects take to generate additional benefits; it can also be used to evaluate additionality in other global partnership grants.

Key findings of evaluation

Measuring Global Environment Facility (GEF) project additionality in terms of global environmental benefits has been limited, even after the issuance of new guidelines on using the incremental cost approach. Moreover, the GEF's additionality goes beyond the concept of incremental cost reasoning.

In an effort to develop a more robust evaluative approach to assessing GEF additionality including and beyond the generation of global environmental benefits, the GEF Independent Evaluation Office (IEO) identified six areas of additionality:

- Specific environmental additionality
- Legal/regulatory additionality
- Institutional additionality/governance additionality
- Financial additionality

- Socioeconomic additionality
- Innovation additionality.

This new framework seeks to provide a systematic structure for capturing the GEF's ability to generate additionality. The IEO has applied this framework to ongoing evaluations to capture GEF impact.

The additionality framework is an example of the GEF IEO's ongoing efforts to rise to the challenge of providing better evaluation results for the GEF. Moreover, this expanded framework of GEF additionality has been recognized in a recent stocktaking of approaches to additionality undertaken by the Evaluation Cooperation Group of the Multilateral Development Banks.



The main challenge for the GEF partnership, as in other development institutions, is the attribution of its support to environmental impact—the difference between actions that would have been taken by partner agencies themselves (without any GEF contribution), and those that were ultimately taken by drawing on GEF funding. In other words, did GEF funds displace (crowd out) other funding that would have materialized? Equally important, what outcomes can truly be attributed to the additional funding, and what part of the outcomes would have happened even without additional funding?

Additionality in this evaluation is defined as “the extent to which innovation, enabling conditions (especially legal, institutional, and financial), and environmental and social impacts may not have occurred without the support of the GEF.”

For the GEF, these additionality considerations were at the outset addressed through the incremental cost approach. This approach ensured that GEF funds do not substitute for existing development finance but provide additional funding to produce agreed global environmental benefits. However, the evaluation found that incremental cost reasoning often remains generic, and quantitative environmental indicators baseline information is absent in more than a third of GEF project documents.

There is limited common understanding of additionality beyond the specific global environmental benefits. In practice, GEF projects have frequently been designed to achieve broader impact beyond project direct environmental benefits. Despite the adoption of the incremental reasoning approach and other studies on broader impact beyond direct environmental benefits of the project, implementation and evaluation practices have not sufficiently changed to recognize and support rigorous measurement of environmental outcomes as well as other objectives that support the achievement of global environmental benefits over the longer term.

One weakness in the GEF IEO’s ability to assess the additionality of GEF projects lies in the absence of a common understanding of additionality beyond specific global environmental benefits. Additionality is frequently not distinguishable from the overall project design. Without clear quantifiable analysis of the counterfactual, it is impossible to attribute the extent to which, for instance, regulatory reform acceleration was attributable to the GEF’s participation. And in areas of reform that go beyond the confines of an individual project, such as institutional capacity building or governance reform, the spillover effects extend possibly to the full range of activities in a sector. It would not be appropriate to attribute all of these effects to the GEF’s contribution.

A proposed framework for assessing GEF additionality

Few organizations have a longer track record in seeking to demonstrate additionality than the GEF. However, it is also recognized that the GEF is a special case where the baseline, i.e., the without GEF scenario, is expected to show additionality compared with the current situation where no intervention has taken place. Thus, while typical projects assess their impact based on a counterfactual and a baseline analysis, the GEF’s additionality is the incremental contribution from GEF involvement above and beyond the additionality that would have occurred in the absence of the GEF.

Numerous GEF studies have also pointed to the catalytic role the GEF can play in reducing the risk of market entry for private investors. As a first mover, or promoter of innovative technologies, GEF operations have a strong link to the private sector. The same is true for the GEF’s work on regulatory reform, which allows for a level playing field in adopting environmental standards. Academic interest in examining and broadening the concept of additionality is also expanding.

The IEO has thus developed an expanded approach to assessing GEF additionality. This expanded definition of additionality includes the following:

- Changes in the attainment of direct project outcomes at project completion that can be attributed to GEF interventions such as acceleration of the adoption of reforms, the enhancement of outcomes, or the reduction of risks
- Spillover effects beyond project outcomes that may result from systemic reforms, capacity development, and socioeconomic changes
- Clearly articulated pathways to achieve broadening of impact beyond project completion that can be associated with GEF interventions.

Our proposed framework identified six pathways to GEF additionality, as shown in table 1.

A review of additionality in a sample of GEF projects

The framework was applied to 97 purposively selected completed GEF projects to identify areas where the GEF could provide additionality benefits (figure 1). These were divided into two broad categories:

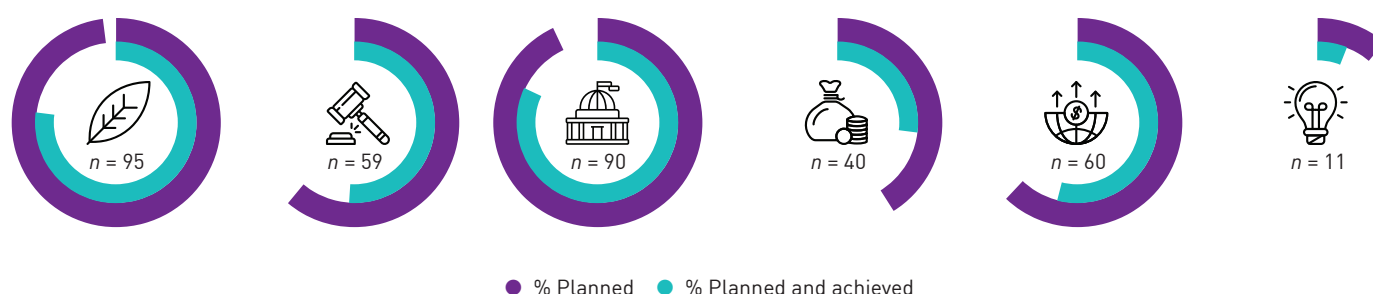
- Additionalities that were part of a project’s outcomes and for which clear progress measures were reported at completion
- Additionality pathways that depended on longer-term efforts beyond project completion.

TABLE 1 Pathways to GEF additionality

GEF ADDITIONALITY	DESCRIPTION	ADDITIONALITY QUESTION
 Specific environmental additionality	The GEF provides a wide range of value-added interventions/services to achieve global environmental benefits (e.g., carbon dioxide reduction, reduction/avoidance of persistent organic pollutant emissions)	Has the project generated the global environmental benefits that would not have happened without GEF intervention?
 Legal/regulatory additionality	The GEF helps stakeholders' transformational change to environment sustainable legal/regulatory forms	Has the project led to legal or regulatory reforms that would not have occurred in the absence of the project?
 Institutional additionality/ governance additionality	The GEF provides support to the existing institution to transform into efficient/sustainable environment manner	Have institutions been strengthened to provide a supportive environment for achievement and measurement of environmental impact as a result of the project?
 Financial additionality	The GEF provides an incremental cost that is associated with transforming a project with national/local benefits into one with global environmental benefits	Has the involvement of the GEF led to greater flows of financing than would otherwise have been the case from private or public sector sources?
 Socioeconomic additionality	The GEF helps society improve livelihood and social benefits through GEF activities	Can improvements in the living standard among population groups affected by environmental conditions be attributed to the GEF contribution?
 Innovation additionality	The GEF provides efficient/sustainable technology and knowledge to overcome the existing social norm/barrier/practice for making a bankable project	Has GEF involvement led to a fast adoption of new technologies, or the demonstration of market readiness for technologies that had not previously demonstrated their market viability?

FIGURE 1 Additionalities observed in the GEF portfolio of closed projects

OUTCOME ATTRIBUTION



BROADER IMPACT



Specific environmental additionality is prominently articulated at project closure; innovation is seldom mentioned as a GEF additionality. Seventy-seven percent of the projects reviewed provided evidence in the terminal evaluations that the intended specific environmental additionality was achieved (figure 1). The surprising element in the outcomes where GEF-funded projects explicitly aimed to achieve progress is the low number of projects considering innovation as an area of additionality.

A well-conceived plan for broader adoption at the project planning stage would increase the probability of achievement at completion. The portfolio results demonstrate that 85 percent of projects plan for longer-term impacts through sustaining progress, replication, mainstreaming, scaling-up, or market change, but the achievement levels are lower than planned (figure 1).

A robust monitoring system for outcomes and impacts is critical for assessment of GEF additionality. The cornerstone for future assessment of additionality will require (1) robust tracking of direct environmental outcomes, and (2) strong theory of change that links direct benefits, broader impact, and sustainability with the expectation of spelled-out assumptions and linkages.

Going forward, evaluations will be required to assess additional-ity at endorsement, design, and completion.

Endorsement:

- **What is the incremental reasoning?** Do baseline quality quantitative data exist for direct incremental environmental benefits? Do baseline scenarios exist for measurable outcomes that strengthen the framework for achieving environmental benefits?

Design:

- **Does the project design explicitly address factors that can strengthen the sustainability of expected outcomes?** Is there an expectation that the project will achieve broader impact, and how is this envisaged?

Completion:

- **Are the outcomes related to the incremental reasoning?** Are there quality quantitative and verifiable data demonstrating the incremental environmental benefits? Do self-evaluations provide evidence of the outcomes achieved in creating a more supportive environment as envisaged at the endorsement stage?
- **Can the outcomes be attributed to the GEF contribution as originally anticipated?** Do monitoring and evaluation documents provide evidence of the causality between the rationale for GEF involvement, and the incremental environmental and other benefits directly associated with the GEF-supported project?
- **Are the outcomes sustainable?** Is there evidence that project outcomes, both environmental and otherwise, are likely to be sustained beyond the project end? If broader impact was anticipated, is there evidence at the completion stage that such a broadening is beginning to occur, or actions toward the broadening have been taken?

Conclusions

1 Demonstration of clear attribution of results to GEF interventions remains a challenge, and answering the counterfactual—what would have happened in the absence of the GEF—is virtually impossible.

2 By applying the expanded approach to additional-ity consistently to the GEF IEO's work, and thereby fostering the adoption of the same approach during project design and implementation, it should be possible to answer a wide range of highly relevant questions in the future.

3 The broader approach to additionality will require modifications in the GEF's evaluation practices and related policies and guidelines. Guidelines for the GEF Agencies in conducting terminal evaluations will need to reflect this updated approach for assessing the GEF's additionality.

4 Going forward, for projects approved after the adoption of the framework for the GEF's additionality, evaluations will be looking for documented evidence along the dimensions outlined above.



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