

IEC Learnings

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• PHOTO: VENTURA MUFUME •



• INNOVATION •



• SCALING UP •

EVALUATION OF THE ROLE OF MEDIUM-SIZE PROJECTS IN THE GEF PARTNERSHIP

MSPs have been an important GEF modality. This evaluation assesses their role in light of a strategic move toward integrated programming in tackling drivers of environmental degradation.

Key findings of evaluation

- The medium-size project (MSP) modality is a good entry point for the Global Environment Facility (GEF).
- MSPs address funding gaps for GEF Agencies and the countries with which they work.
- MSPs are used for capacity building and developing knowledge products.
- MSPs can deploy innovative approaches and achieve transformational change.
- MSPs have been a catalyst for financing innovation and scale-up.
- The MSP modality is a mechanism to test and pilot new approaches and initiatives in the GEF.
- MSPs include a broad representation of civil society organization (CSO) executing agencies, including nongovernmental organizations (NGOs), institutes, and foundations.
- Alignment with national priorities has increased the uptake of MSPs in countries.
- The amount of effort required to develop a proposal and administer an MSP is not very different from that required for a full-size project (FSP), relative to its grant size.
- The size of MSPs does not have an adverse impact on performance; they perform as well as or better than FSPs on all performance dimensions.

The main objective of this evaluation was to look at the role and performance of the GEF MSP modality and its use in the current GEF architecture. The evaluation examined the evolution of the MSP modality, examined the extent to which the modality is achieving its intended role, and assessed the relevance of the MSP within the GEF suite of modalities.

The GEF MSP modality was introduced in 1996. MSPs were intended to promote rapid, efficient project execution by simplifying preparation and approval procedures, shortening the project cycle, and delegating responsibility for approving project proposals to the GEF Chief Executive Officer. Further, MSPs were intended as an expedited mechanism allowing a broader, more balanced representation of executing agencies and stakeholders to access GEF funds, including government agencies, national and international NGOs, academic and research institutions, and private sector companies.

An MSP has GEF project financing of up to \$2 million; FSP project financing exceeds \$2 million. MSPs can be approved through a one-step process, or a lengthier two-step process.

As of September 15, 2020, the GEF had committed \$1.24 billion in GEF grants and \$5.89 billion in planned cofinancing to MSPs; this accounted for 23 percent of all projects and 6 percent of all GEF grants. The present evaluation covered MSPs designed and implemented beginning in GEF-4, a portfolio comprised of 819 MSPs representing \$957.55 million in GEF grants and \$5.09 billion in planned cofinancing.

The evaluation used a mixed-methods and included an aggregate portfolio analysis, extensive interviews with GEF Agencies and the GEF Secretariat, and two field-based country case studies.

Results

MSPs are primarily delivered through national projects and are used more for single-focal area projects; in comparison, FSPs have moved toward a more multifocal approach. Thus,

biodiversity, climate change mitigation, and land degradation have all accounted for larger percentages of MSPs than FSPs both in terms of number of projects and funding share (figure 1).

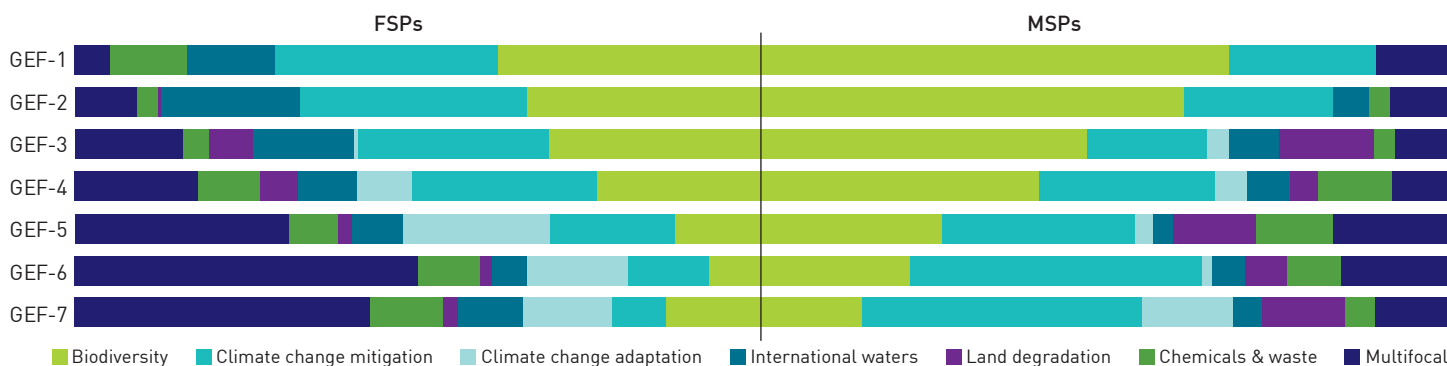
The MSP modality is a good entry point into the GEF. For the newer GEF Agencies—those that joined the partnership during the 2013–15 accreditation process—half the projects they took on in GEF-5 were MSPs. Representatives of several GEF Agencies interviewed said their initial involvement with the GEF was through MSPs, which they found a useful entry point for learning without incurring the risks of the larger FSPs.

MSPs allow for diversification and broad representation of implementing and executing agencies. The GEF Agencies implementing MSPs have diversified beginning with GEF-4. The relative share of funding for MSPs and FSPs for the three original Agencies (the United Nations Development Programme, the United Nations Environment Programme, and the World Bank) has diminished as newer Agencies joined the partnership. MSPs now include a broad representation of CSO executing agencies, including NGOs, institutes, and foundations. More CSOs are executing agencies for MSPs than for FSPs, with 18 percent of MSPs executed by CSOs compared with 4 percent for FSPs.

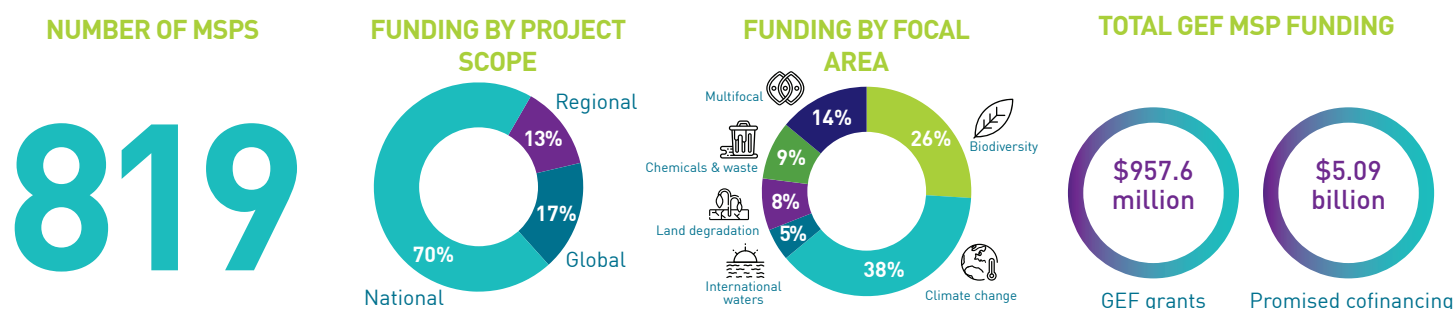
The MSP modality is a mechanism to test and pilot new approaches and initiatives for the GEF, GEF Agencies, and countries alike. In GEF-3, MSPs were used to test stand-alone land degradation projects before this became a focal area. In GEF-5, the MSP modality was used to test a series of artisanal and small-scale gold mining-focused projects. The GEF thereby showcased its ability to fund mercury emissions reductions projects in advance of its becoming the Minamata Convention's financing mechanism. Agencies and countries have used MSPs to test new approaches with the potential for scale-up once proof of concept has been achieved and to catalyze partners.

MSPs have also been useful for niche opportunities to meet demands, such as in developing tools and analysis for use in identifying the best areas for GEF interventions. For example, the Enabling the Use of Global Data Sources to Assess and Monitor Land Degradation at Multiple Scales MSP created the

FIGURE 1 GEF funding for FSPs and MSPs by focal area and replenishment period



SOURCE: GEF Portal.



SOURCE: GEF Portal.

[Trends.Earth](#) platform, which uses satellite imagery to monitor biological or economic loss of land productivity. The tool, which was piloted in four African countries, helps decision makers worldwide identify areas of degraded land for improvement.

MSPs have been developed when rapid response is necessary, as with the COVID pandemic. The GEF approved a World Wildlife Fund project, Collaborative Platform for African Nature-Based Tourism Enterprises, Conservation Areas, and Local Communities as a response to COVID-19. The project aims to create a centralized Africa-based communications platform “linking COVID-19 financial relief and stimulus products with local nature-based tourism enterprises and beneficiary communities.” Projects like this reflect the common view across the GEF partnership of the MSP as a quick and agile modality. One-step MSPs have allowed Agencies to react quickly to opportunities to develop projects.

Relevance

Alignment with national priorities has increased the uptake of MSPs in countries. In Mozambique, for example, the MSP portfolio is in line with—and thus highly relevant to—the country’s national development plan, anchored in both the national development strategy and the country’s strategy program. A positive correlation has been observed in completed evaluations between project success and alignment with priorities listed in national development or sustainability plans. In Costa Rica, the GEF’s priorities are well aligned with the country’s national environment and socioeconomic commitments.

MSPs are used for capacity building and developing knowledge products. MSPs have served as a binding instrument that holds regional programs together and coordinates capacity-building and knowledge management activities within those programs. MSPs have also been the main source of funding for projects under the Capacity-Building Initiative for Transparency, where the focus is entirely on building national institutions’ capacity to meet the requirements of the United Nations Framework Convention on Climate Change. And the GEF support to countries for implementing the Cartagena Protocol on Biosafety largely encompasses capacity-building efforts predominantly delivered through MSPs.

Innovation and transformational change

MSPs deploy innovative approaches, achieve transformational change, and have been a catalyst for financing innovation and scale-up. MSPs are used for innovative purposes such as testing new science-based approaches. For example, the global Spatial Planning for Protected Areas in Response to Climate Change MSP aims to better understand the potential impact of climate change on the GEF’s biodiversity portfolio, especially GEF support for the global protected area estate. The project is constructing scenarios to assess the impacts of climate change on species and ecosystems in the three highest-diversity continental tropical regions so as to better understand threats from disrupting climate shifts and opportunities for adaptation of terrestrial protected area networks.

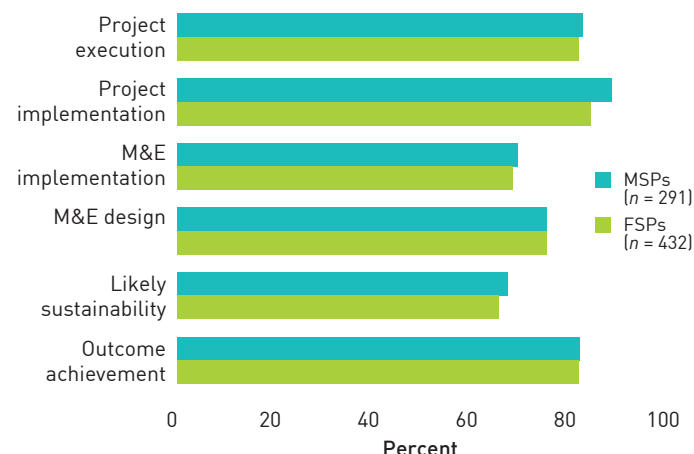
MSPs are used to pilot technology and test applications that could be applied on larger scale. The International Union for Conservation of Nature is investigating whether blockchain technology can be applied to an existing MSP portfolio of land restoration projects to encourage investors to pay communities to undertake restoration work. The Restoration Challenge Grant Platform for Smallholders and Communities with Blockchain-Enabled Crowdfunding project will pilot the technology in a few countries to investigate whether it would add value to the larger portfolio. The use of blockchain is a new concept in the GEF.

Performance

Overall, GEF MSP performance ratings have been slightly higher or the same as for FSPs. Analysis of terminal evaluation ratings from the most recent GEF Independent Evaluation Office Annual Performance Report database of completed projects shows MSPs perform on par with FSPs for the GEF-4 to GEF-6 period on all dimensions except quality of implementation (figure 2).

There is a positive relationship between good project design and achievement of results. Well-designed MSPs, such as those with a foundation of strong partners and cofinancing or those designed to address systemic issues through interventions that are part of an overall larger strategy for the country, tend to result in MSPs being rated as more successful than one-off projects.

FIGURE 2 Performance rating of MSPs and FSPs



SOURCE: GEF IEO Annual Performance Report 2020 database.

Involvement of a strong executing agency has a positive effect on performance. GEF Agency interviewees highlighted an executing agency that can work efficiently as being important to

MSP success. Agencies using MSPs to apply new tools need executing agencies that can drive the process and achieve results.

Governance

The GEF Secretariat's level of support to GEF Agencies regarding the MSP modality is appropriate. GEF Agencies agree that the amount of contact and level of support the GEF Secretariat provides for MSPs is appropriate and appreciated. The majority of Agencies highlighted that their own project monitoring and supervision systems were at the same level of oversight or more stringent.

The \$2 million MSP limit seems appropriate for smaller GEF Agencies and countries. The larger multilateral development banks consider the MSP funding to be small, and this affects their perception of its utility and potential effectiveness. They have consequently suggested raising the upper limit. The smaller GEF Agencies do not share this view, as they have found a niche for MSPs.

Conclusions

1 MSPs are a useful entry point to test and learn without taking the risks associated with larger FSPs, particularly for newer GEF Agencies. Agencies use MSPs for risky projects that other donors are not necessarily prepared to support.

2 MSPs address funding gaps for countries; they have performed well, are sustainable, and can be transformative. GEF MSPs have achieved impact and transformational change with their focus on stakeholder inclusion, country ownership, and innovative designs.

3 The GEF MSP approval process—specifically the one-step MSP—is quite streamlined compared with GEF FSPs. Mid-term reviews for MSPs are optional and may be a missed opportunity for learning, particularly for those MSPs designed to be innovative or transformative.

4 The GEF System for Transparent Allocation of Resources (STAR) significantly affects the choice of modality for GEF Agencies and countries. This issue is amplified when donors compete for country client attention.

5 The larger multilateral development bank GEF Agencies have suggested that the MSP's upper limit be raised—a view not necessarily held by the smaller Agencies, which have found a niche for MSPs. Extending the limit might also blur the line between the MSP and FSP modalities.

Recommendations

1 MSPs appear to be most effective when they are applied to risky projects that can pilot new approaches and leverage more traditional forms of capital, are integrated into a larger intervention, or support targeted research of global or regional importance. They should continue to be used primarily in developing innovative projects.

2 Midterm and final evaluations should be conducted on MSPs designed as innovative or transformative to provide lessons for scale-up or replication.



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

www.gefio.org

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CONTACT: Sara El Choufi, Evaluation Analyst, selchoufi@thegef.org
FOR MORE INFORMATION: <https://www.gefio.org/evaluations/msp-2020>

