



Global Environment Facility

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Agenda Item 7

GEF EVALUATION OFFICE: PROGRESS REPORT FROM THE DIRECTOR

(Prepared by the GEF Evaluation Office)

Recommended Council Decision

The Council, having reviewed document GEF/ME/C.34/1 *GEF Evaluation Office: Progress Report from the Director*, takes note of the on-going work of the Office, especially the positive findings on impact of Protected Areas on local communities, and encourages the Office to ensure that all on-going work will be brought forward into the Fourth Overall Performance Study.

Executive Summary

1. The GEF Evaluation Office has started to implement OPS4. Work is under way, especially for 11 country case studies. Consultations with GEF stakeholders have started. A mechanism for high level advice, on the basis of the mechanism for OPS3, will be set up. The independent professional peer review of the evaluation function of the GEF has started. Two panel members will be present during the Council meeting and hope to interact with Council members.
2. Two recent impact evaluations funded by the Office showed that in Costa Rica and Thailand, on the basis of controlled comparison with similar communities elsewhere in the country, communities in the neighborhood of Protected Areas showed an overall economic gain from this vicinity. The methodological approach of developing precise counter-factual evidence (“without project” comparisons) was the key to determining the impacts of the Protected Areas. The Evaluation Office will continue to develop its knowledge base on the interaction between local and global benefits, building on the earlier detailed evaluation of this issue and its recent work on the use of counterfactual based approaches.
3. Major work on the impact of the GEF's support to reduce Ozone Depleting Substances has started in Russia, Ukraine, Kazakhstan and Uzbekistan. Two country portfolio evaluations have started in Syria and Egypt. The delayed country portfolio evaluation in Cameroon has been finalized and will be made available to the Council.
4. All on-going work, including the preparatory work for the Annual Performance Report will feed into the Fourth Overall Performance Study.

INTRODUCTION

5. The Progress Report of the Director is meant to provide the Council with important information on on-going work. As such this report will not contain a full overview of all activities of the Evaluation Office, but focus on a few issues that may require the Council's attention, on top of the Mid-Term Review of the Resource Allocation Framework that will be discussed in the coming days.
6. First and foremost the **Fourth Overall Performance Study** is under implementation and several developments can be reported on. Secondly, an overview is provided on **on-going work** on the other evaluations that will feed into OPS4: two Country Portfolio Evaluations; impact work, especially on Ozone Depleting Substances; the Annual Performance Report; as well as case studies on the catalytic role of the GEF and rounding off the work on capacity development. Thirdly, this report will reflect on the **International Conference on Evaluating Climate Change and Development**, held in Alexandria, Egypt from 10-13 May of this year.

FOURTH OVERALL PERFORMANCE STUDY (OPS4)

7. Key questions and the general approach for OPS4 were discussed at the GEF Council meeting in April 2008. On the basis of this discussion, an approach paper for OPS4 was prepared to facilitate a first interaction with stakeholders on the key questions and methodology for OPS4. This paper was published and widely distributed on May 7, 2008. Reactions, suggestions and comments were received from 18 parties: 9 from representatives of member countries; 3 from individuals; 3 reactions from within the GEF; 1 from a convention secretariat; 1 from an NGO and 1 from an Evaluation Office of a GEF Agency.
8. These comments and suggestions were taken into account in a draft of the terms of reference of the Fourth Overall Performance Study, which was presented to Council Members and Alternates on June 17. Comments and suggestions were received from five members. They have been incorporated into the final Terms of Reference, which were circulated for Council approval. Given the fact that funds had to be transferred from fiscal year 2008 to fiscal year 2009, two-thirds of Council members had to provide support for the decision of Council to approve the Terms of Reference, and this was reached on September 5, 2008.
9. The decision reads as follows: *The Council approves the Terms of Reference for the Fourth Overall Performance Study, dated July 17, 2008 and approves the budget for the study, and a transfer of the unspent balance of the budget of the GEF Evaluation Office for fiscal year 2008 of US\$ 331,956.30 to the budget of the GEF Evaluation Office for fiscal year 2009.*
10. Annex I of this report gives the full overview of the expenditure of the GEF Evaluation Office in fiscal year 2008. It is worthwhile to point out that a large portion of

the balance of funds has been due to the fact that the preparations for OPS4 were mostly done “in-house” by staff of the Evaluation Office. Input of external evaluation experts in the first initial phase of identifying key questions was done free of charge by experts that have been involved in evaluations in the past. The Evaluation Office is very grateful for the contribution of their valuable time in this initial phase of the study. At the end of the fiscal year consultants were hired, but this did not lead to expenditure in fiscal year 2008 anymore.

11. The terms of reference indicate a highly ambitious Fourth Overall Performance Study. However, this level of ambition is possible because OPS4 will build on the evaluative evidence that has been gathered throughout the GEF in the past four years. It will provide a synthetic overview of that evidence and aim to fill in gaps to enable evaluative judgments which go beyond the evaluation reports that were presented to the GEF Council in the past three years.

12. Many sub-questions require relatively minor work to allow verification and updating of already existing data and analysis. Secondly, OPS4 aims to make full use of evidence and reports produced by others, where this is justified qualitatively in light of the evidence itself and the way it was gathered. Thirdly, the study will follow a phased approach, which will make it possible to start with the most strategic questions and will make it possible to ensure that sufficient time and energy is spent on them, rather than on sub-questions that could potentially be picked up later in the four year rolling work plan of the Evaluation Office in the next four-year period.

13. OPS4 is following a phased approach. Emphasis in the first few months has been on gathering documents and information, initial desk studies, preparation of theories of change for the focal areas of the GEF, preparation of protocols for interaction with the various stakeholders in the GEF and first meetings with these stakeholders. The GEF Evaluation Office was present during the sub-regional meetings with GEF focal points in Auckland and Mexico City, has met with two GEF agencies and two representatives of donor countries.

14. After a careful process of assessing the available evaluative evidence in recipient countries of the GEF, it was decided that 11 additional country case studies in OPS4 would increase the coverage of the study to an extent that all large recipient countries and representatives of all groups of countries and geographical regions would be achieved. The case studies have meanwhile been initiated and several are under implementation. Other case studies in OPS4, such as on governance, will be prepared in the coming months.

15. The Terms of Reference of the Fourth Overall Performance Study identify monitoring and evaluation as an area where the GEF Evaluation Office will have a conflict of interest to carry out an assessment, especially on evaluation issues and the role of the Office itself in the GEF. For this reason, the TOR indicate that a professional peer review of the evaluation function in the GEF will take place, which will lead to a separate and

independent report. The main findings and conclusions of this report will be integrated into OPS4.

16. This professional peer review will assess whether the GEF Monitoring and Evaluation Policy is up to international standards and the extent to which its implementation has been successful. In recent years an international framework for such peer reviews has been established by the UN Evaluation Group and the DAC Evaluation Network. Furthermore, this framework is fully in line with the current proposal in the Evaluation Cooperation Group of the International Financial Institutions to establish professional peer reviews as well. Three agencies – UNDP, UNICEF and WFP – have undergone peer reviews based on this framework approach.

17. With support from the DAC Evaluation Network and the UN Evaluation Group, a highly regarded panel of internationally recognized evaluation professionals has been established. The panel is chaired Mr. Dominique de Crombrugghe of Belgium, vice-chair of the DAC Evaluation Network and special and independent evaluator of Belgium Development Cooperation, reporting directly to the Belgian parliament. The panel contains members from North and South, with experience in the UN and in the Development Banks, with civil society and in the professional evaluation community. Belgium and Finland will support the peer review panel financially and administratively, whereas the panel itself will have full independence in reaching its conclusions and reporting on them.

18. In line with the Framework the peer review will apply three core criteria that need to be satisfied for evaluation functions and products to be considered up to best international standards:

- ? Independence of evaluations and the evaluation system
- ? Credibility of evaluations
- ? Utility of evaluations

19. The Peer Review Panel has already started its work based on a draft framework for the peer review and will visit Washington in the week of October 20. Furthermore, some panel members will be present during the week of the Council meeting, and would like to meet Council members. The Evaluation Office will arrange for such meetings.

20. The Third Overall Performance Study benefited from a high level advisory panel. The Terms of Reference for OPS4 prescribe a similar arrangement. In the week before Council information will be made available on how this arrangement will be implemented.

ON-GOING EVALUATIONS

21. The GEF Evaluation Office presents its second **Annual Report on Impact** to Council. Impact evaluation is a complex area, which is currently the subject of

considerable debate and discussion. The Evaluation Office continues to play an active role in this discussion, through participation in several major international forums. Building on the Office's previous impact work and the new perspectives generated from its role in international forums, substantial progress has been made in developing methodologies, which can be used to further specify the impacts of GEF interventions. In two interesting quasi-experimental studies, the macro level socio-economic impacts of biodiversity interventions in countries where the GEF has been or is about to be actively engaged, have been specified. Since this work was not designed to produce conclusions or potential recommendations for Council's consideration, the Annual Report on GEF Impacts 2008 has been presented as an information document.

22. Following up on the initial quasi-experimental evaluation of the impacts of Protected Areas on deforestation in Costa Rica (conducted in collaboration with STAP), which was reported in the Annual Report on GEF Impacts 2007, two new quasi-experimental impact evaluations have been conducted (also in collaboration with STAP), by providing limited funds to specialist researchers to analyze existing data sets to explore topics of importance to the GEF. In 2008, two such studies were commissioned and completed:

- (1) Measuring the Social Impacts of Protected Areas: an Impact Evaluation Approach. This focused on the Costa Rica Protected Area system (which has received GEF-support), enabling a comparison with the 2007 study of the avoided deforestation of the same system, reported on in the previous Annual Report.
- (2) Evaluating the Local Socio-Economic Impacts of Protected Areas: A System-Level Comparison Group Approach. This focused on the Protected Area System of Thailand (which is about to receive GEF support).

23. These two impact evaluations have provided important additional perspectives on the Evaluation Office's work on the impacts of Protected Areas, commenced through the evaluation of the impacts of three Protected Areas in East Africa in 2007. One reported finding of that body of work was the negative socio-economic impacts experienced by one sub-group in the neighborhood of a Protected Area. This raised the broader issue of the socio-economic impacts of Protected Area Systems, which form a major component of GEF-supported activities in the biodiversity Focal Area.

24. The two statistically-based studies conducted in 2008 showed that: a) districts surrounding Protected Areas in Costa Rica and Thailand showed less poverty than counterfactual districts (not adjacent to Protected Areas) with similar geographical and physical characteristics; b) without use of a counterfactual, the districts seemed to be poor; which could have led to the false conclusion that this was associated with the neighboring Protected Areas; and c) that income inequality increased near to Protected Areas in Thailand; (data on this factor were not available for Costa Rica), so that an aggregate income improvement may disguise pockets of worsening poverty. This finding

reflects the results of the theory based case studies conducted in East Africa in 2007, which showed the potential for negative impacts on specific groups of vulnerable people.

25. On-going work on impact focuses on Ozone Depleting Substances. This major study will be undertaken in the Russian Federation and in Ukraine, and will also include case studies in Kazakhstan and Uzbekistan. The results of this study will first be reported on in OPS4, and will be incorporated as well in the third Annual Report on GEF Impacts, to be presented in November 2009.

26. Work has started for the **Annual Performance Report 2008**, which will be presented to the GEF Council in June 2009. The substantial evaluative work that needs to be done for the performance cluster of OPS4 will be carried out in parallel with the preparations for the APR 2008.

27. Two **Country Portfolio Evaluations** will take place in fiscal year 2009; in Syria and in Egypt. Preparations for both evaluations have started. They will be reported on the Annual Report on Country Portfolio Evaluations, to be presented to the Council in June 2009. Furthermore, the Evaluation Office has finalized the Country Portfolio Evaluation in Cameroon in July 2008. The government of Cameroon has sent its reaction to the evaluation to the CEO. The report will be included in the Annual Report on Country Portfolio Evaluations. All country evaluations will also be integrated into OPS4.

INTERNATIONAL CONFERENCE ON EVALUATING CLIMATE CHANGE AND DEVELOPMENT

28. The International Conference on Evaluating Climate Change and Development took place from May 10-13, 2008, in Alexandria, Egypt, at the Bibliotheca Alexandrina. The conference and its side event on Egypt were attended by more than 300 experts from all over the world.

29. No less than 25 organizations contributed in kind or through funding to the organization of the conference. The Conference could not have taken place without the generous contributions of Egypt, Denmark, France, Germany, the Netherlands, Norway, Switzerland, the United Kingdom and the United States of America. Organizations that played a crucial role include the Bibliotheca Alexandrina, the Climate Change Adaptation in Africa program of the International Development Research Center of Canada (based in Senegal), the Agence Française de Développement and the French GEF, as well as the International Development Evaluators Association (IDEAS). Special thanks should go to the government of Egypt and the Bibliotheca Alexandrina for the wonderful support in hosting the Conference and the CEO and First Lady of Egypt for opening the Conference.

30. The Conference had the opportunity to build on the experiences of more than 400 reports and studies. A wealth of experiences was shared during the meetings. A richness of important findings emerged. One important conclusion was that monitoring and

evaluation can help governments and local communities to cope with the uncertainties, the risks and sudden and long term changes associated with climate change.

31. A meta-evaluation of evaluations on mitigation of climate change showed that project and program interventions to reduce green house gas emissions are generally successful. Internationally a success rate of 75% is deemed acceptable in development cooperation. The meta-evaluation concluded that climate change mitigation efforts are successful at a higher rate of more than 80%. On energy efficiency efforts, it was shown that many interventions had succeeded in permanently changing the markets for specific products, such as more energy efficient light bulbs.

32. However, we know that the successes and results that the Conference reported on are just a drop in the ocean. Efforts to reduce green house gas emissions are effective, they bring results, but they are minute as compared to what is needed. Furthermore, it should be realized that developing countries cannot solve the high levels of emissions of developed countries. And although we see successes in transforming markets to become more energy efficient, we also need to acknowledge that climate change still is, in the words of Sir Nicholas Stern, the single greatest market failure ever. Successes need to be replicated and need to go to a higher level.

33. The issue of adaptation to Climate Change was discussed at length. How will developing countries face the onslaught of higher temperatures, rising sea levels, changing waterfall patterns and increasing natural disasters? Societies will have to reduce the vulnerability to these changes, and the Conference has shown that there is a richness of efforts to address vulnerability in a systematic manner, in such a way that governments and local communities will better understand what is happening. Societies can then cope with these changes through adapting to them. This conference has also made available a rich variety of methods to assess adaptation through monitoring and evaluation, but it is clear that these methods are not yet fully developed.

34. However, for adaptation and vulnerability to climate change, the challenge is immediate and urgent. It was noted at the Conference that in many countries there is a decline in coping levels – an “adaptation deficit” – because of increasing pressure on local populations. New approaches in empowering local communities and countries to address these issues are emerging and should be shared and scaled up. Further discussion and agreement on the best approaches is needed, as well as support to practitioners setting up monitoring and evaluation to better understand what is happening and what can be done.

35. The Conference led to a call for better ways to deal with the many trade offs that local communities, governments and the global community are facing. Trade offs between mitigation and adaptation, between prevention and the cure, between development and the environment, between local and global benefits. Discussions on how to evaluate such trade offs need to continue.

36. The following agenda emerged from the Conference:

- (1) Emerging **best practices in evaluating mitigation** of climate change need to be further developed into frameworks and guidelines that are internationally accepted by the professional community of evaluators.
- (2) The positive **results** that the Conference can report on must become an inspiration for countries and communities to scale up their efforts.
- (3) On **adaptation and vulnerability**, a continuing effort must take place to **exchange experiences** and look for emerging best practices and frameworks. The urgency of the issue requires evaluators, practitioners and researchers to become involved in design and in empowering communities and governments.
- (4) These issues require a continuation of contact amongst evaluators, practitioners and researchers dealing with these issues. An issues driven **community of practice**, a global network of evaluators, practitioners and researchers working on climate change and sustainable development needs to be established. Through this network we need to support evaluation capacity in developing countries.
- (5) This community of practice should involve and be supported by the **global and regional evaluation associations**, such as IDEAS, AFREA and IPEN, **and partnering associations**, such as the GEF Evaluation Office, the Fonds Français pour l'Environnement Mondial (FFEM) and the Agence Française de Développement (AFD), DFID/IDRC's climate change program in Dakar, and others.
- (6) This community of practice will need to **reach out** to other communities: other evaluation networks, other research communities, other communities of practitioners and users. The network would build on the results of this Conference, through a **repository of knowledge** of all documents gathered before the Conference, and the speeches, presentations and papers discussed here, and forthcoming evaluations and studies. The Bibliotheca and the GEF Evaluation Office, the World Bank, the Institute for Development Studies, DFID/IDRC and FFEM/AFD, and the evaluation associations, will discuss this further and ensure that this will happen.
- (7) In turn this repository of knowledge and the community of practice will ensure that best practices and results will be **communicated** to practitioners and governments and the global community involved in climate change action.

ANNEX I – EXPENDITURE OF THE GEF EVALUATION OFFICE IN FISCAL YEAR 2008

	Budget	Expenditure
Fixed Costs		
Staff Costs	1,759,747.00	1,759,862.70
General Operations Costs	272,620.00	346,166.70
Variable Costs		
Management & Advisory Support		
Travel	60,000.00	120,952.87
Advisors	50,000.00	29,090.00
Knowledge Management	150,000.00	77,576.07
Publications, Media & Web	116,000.00	73,977.77
Contingencies (move from 6 th to 7 th floor)	64,000.00	71,240.00
Evaluations		
OPS4	235,000.00	0.00
Capacity Building	51,000.00	55,244.53
Catalytic Role	140,000.00	79,226.00
4 Country Portfolio Evaluations	500,000.00	503,459.35
Impact evaluations	135,000.00	79,692.37
Partnership/umbrella projects	50,000.00	0.00
Oversight		
APR	190,000.00	236,322.34
Program Indicators	20,000.00	28,600.00
Total	3,793,367.00	3,461,410.70
Balance		331,956.30