

GEF Council
November 10-13, 2009

MAIN CONCLUSIONS AND RECOMMENDATIONS OF THE
FOURTH OVERALL PERFORMANCE STUDY OF THE GEF:
PROGRESS TOWARD IMPACT

(Prepared by the GEF Evaluation Office)

Section 1 — Main Conclusions and Recommendations

Highlights

1. Global environmental problems are worsening rather than improving, from climate change to species extinction; from pollution to degraded ecosystem services to provide water, food, and air; to new threats to the ozone layer. Since these problems concern public goods, public funding must play a key role in addressing the issues. However, while the money available for international cooperation has increased substantially in recent years, funding for the environment in general and for the Global Environment Facility (GEF) in particular has decreased in real terms.
2. The first dimension of underfunding of the GEF is to be found in the increasing number of assessments that show that the costs of solving global environmental issues are increasing dramatically. GEF funding together with realized co-funding is by far insufficient to breach the gap.
3. The GEF is a financial instrument for several multilateral environment agreements. These agreements have asked the GEF to support recipient countries on issues and to levels which the GEF currently is not able to finance. This is the second dimension of underfunding of the GEF.
4. The catalytic role of the GEF starts by enabling governments to address global environmental issues in their countries through enabling and foundational activities that lead to changes in national policies, agendas and priority setting. In a second modality of support the GEF demonstrates how new policies could lead to improved environmental management and market changes. In a third modality successful approaches are scaled up to a national level. In the least developed countries, small island development states and in fragile states, the GEF has not moved sufficiently into demonstration and scaling up, because the level of resources available to the GEF did not allow this. This is the third dimension of underfunding of the GEF.
5. In GEF-3 the average duration of project approval reached the unacceptable time of more than four years. Provided quality standards were met, approval was granted on a first-come first-serve basis. If there was no money to serve, then proposals had to wait – and they had to wait a long time. Changing to a resource allocation system, which happened in GEF-4, does not fundamentally solve this. It just means that project proposals now have to wait until they can be entered into the pipeline. This is the fourth dimension of underfunding of the GEF.
6. As OPS4 will show, the GEF brings clear added value to its role of solving global environmental problems. Its unique position as a financial mechanism of multilateral environmental agreements enables it to focus on priorities that have been agreed upon internationally and directly influence national governments on these issues. Its modalities are catalytic on three levels of support: foundation, demonstration, and investment. Its projects achieve a high level of satisfactory outcomes, and these outcomes show a high level of progress toward global environmental benefits. The GEF is achieving its mandate and objectives.
7. The successful outcomes and strong implementation of GEF support should not be a surprise, given the generally good reputation of the GEF Agencies. However, it is through their partnership with

the GEF that most Agencies tackle global environmental problems – for most Agencies this is not their core mandate. The added value of the partnership therefore lies in bringing proven expertise and capacity to countries to tackle problems through internationally agreed upon strategies.

8. Implementation of projects is more successful if there is national ownership. Progress toward global environmental benefits crucially depends on ongoing and long-term support from governments, civil society, private sector and local communities after the project has terminated.

9. Before projects can start their promising march toward impact, they need to go through a painful process of identification and approval; it is this pre-implementation phase that has given the GEF the reputation that it is “unable to deliver”. Although a reform process has been set in motion in 2006, this needs to be completed. Ongoing tensions in the GEF partnership, between the Secretariat, the Agencies, and countries are mostly focused on pre-implementation phase issues. These problems can and must be solved.

10. The partnership model and the catalytic role of the GEF are in line with approaches advocated in the Paris Declaration and the Accra Agenda for Action on improving aid effectiveness and country ownership. However, the modus operandi of the GEF through project support is not; it needs to move toward a programmatic mode of operation. Programming in the GEF has always been on the level of focal areas. The introduction of the Resource Allocation Framework has meant a shift toward national programming. This shift should be completed.

11. Unique among international institutions, the GEF now has independently verified evaluative evidence on the progress toward impact of its full portfolio. From this, lessons and indicators should be derived for its results-based management framework, including monitoring, evaluation, scientific advice, and learning. Such a results-based management framework will enable the GEF to report on performance, outcomes, progress toward impact and global environmental benefits achieved.

12. If the move toward programming of support is made, the GEF would be capable of channeling substantial amounts toward agreed upon global environmental benefits. After all, the implementing arms of the GEF are its Agencies, most of which have a solid track record of channeling high levels of support to countries. It is of course possible to channel the same amounts directly through the Agencies rather than through the GEF; however, in most cases the focus on global environmental benefits could be reduced or even lost, because this focus is not their first concern.

13. If the GEF-5 replenishment recommendations include strong proposals concerning programming, efficiency and partnership, the Fourth Overall Performance Study supports the highest level of replenishment for the GEF.

Introduction

14. The Global Environment Facility (GEF) is replenished by donors every four years. These replenishments are informed by GEF achievements up to that point. To this end, overall performance studies have been undertaken since the GEF’s pilot phase, and the upcoming fifth replenishment of the GEF will be informed by this Fourth Overall Performance Study (OPS4). The aim of this study is to provide an assessment of the extent to which the GEF is achieving its objectives and to identify potential improvements. The study was conducted by the GEF Evaluation Office, except for some substudies on issues that would pose a conflict of interest for the Office, such as the functioning of the GEF Council and

the GEF Monitoring and Evaluation Policy. The Office is independent from GEF management and reports directly to the GEF Council.

15. The study began in early 2008 with gradual development of and consultations on key questions and an approach paper. The resulting terms of reference were approved by the GEF Council in September 2008, with the actual work, as approved in the Evaluation Office work program, begun in July 2008. With some exceptions, the data gathering and analysis work ended in early July 2009, after which drafting of the final report began. The final cut-off date for OPS4 is June 30, 2009.

16. The main findings, conclusions, and recommendations are presented in this first section of the report, which functions as a substantive executive summary. The remainder of the report is divided into four sections. The second section, "The GEF in a Changing World," provides an overview of the international context in which the GEF operates; its chapters delineate global issues, cover resource mobilization internationally and for the GEF in particular, present evidence of convention guidance from the conventions, and describe the GEF's catalytic role. The section ends with a discussion of programming issues in the GEF, placed within the context of the international agenda toward stronger country ownership. Section 3, "Progress toward Impact", brings together evidence on the relevance to the conventions and results of the GEF focal areas: climate change, biodiversity, international waters, ozone layer depletion, persistent organic pollutants and land degradation, as well as multifocal area activities. Section 4 on "Issues Affecting Results" deals with performance, learning, and resource management. Section 5 addresses "Governance and Partnership" concerns in the GEF.

Methodological Approach and Scope

17. The work was organized in five clusters. The **first cluster** assessed the role and added value of the GEF through a desk review of available literature, documents, and reports, complemented with interviews. The results of the GEF constituted the **second cluster** for assessment: the concrete, measurable, and verifiable results (outcomes and impacts) of the GEF in its six focal areas and in multifocal area efforts, and how these achievements relate to the intended results of interventions and to the problems at which they were targeted. This cluster was built on existing evaluative evidence as well as on a new review of outcomes to impact for all finished projects since the Third Overall Performance Study (OPS3). The **third cluster** consisted of the relevance of the GEF to the global conventions and to recipient countries, and was mainly based on desk reviews of documents and reports, enhanced and verified through interviews, country and agency visits, and stakeholder opinions. Performance issues affecting results of the GEF were assessed in the **fourth cluster** on the basis of existing evaluation reports and some additional case studies. Resource mobilization and financial management at the GEF level was the focus of the **fifth cluster**, which was based on data and portfolio analysis, desk reviews, and expert involvement in analysis and reporting.

18. The methodological approach and scope differed by cluster and often by question within clusters. The OPS4 web pages (accessed through www.gefeo.org) provide approach papers, protocols, methodological handbooks, and guidelines on all major areas of OPS4, as well as on most of its case studies. Furthermore, technical papers on substudies are published on the website.

19. OPS4 builds on OPS3 and the 24 evaluation reports conducted by the Office since 2004, as well as 28 case studies and technical reports. The full portfolio of GEF projects, activities, and project proposals from the pilot phase through June 30, 2009, has been analyzed. Evidence on progress toward impact was gathered from 205 completed projects. From these inputs, along with the 9 additional case studies and 10 project visits undertaken specifically for this study as field reviews of progress to impact,

OPS4 incorporates evaluative evidence from 57 countries, with varying degrees of depth and intensity, and evidence from visits to 51 medium- and full-size projects, as well as to 107 projects of the Small Grants Programme (SGP).

20. Consultations were held with all representatives of all GEF stakeholders to ensure that their voices would be heard in OPS4. Meetings with focal points and representatives of civil society organizations took place in all regions in which the GEF operates. Furthermore, four interagency meetings were held to discuss progress at key OPS4 milestones (implementation start, finalization of methodological approaches, delivery of the interim report and preliminary findings). The primary GEF partners – the GEF Secretariat, the GEF Agencies, the GEF Trustee, the Scientific and Technical Advisory Panel (STAP) – have been consulted to determine and resolve any remaining factual errors and errors of analysis in the draft OPS4 report. The Quality Assurance Peer Group has reviewed interim products of OPS4. The Senior Independent Evaluation Advisors have provided advice on the interim report and the draft OPS4 report.

Limitations

21. The Terms of Reference for OPS4 are highly ambitious. On several points OPS4 encountered the limits of what it could do with existing data and evaluative evidence, within the time limits given and the budget set for the sub studies. This meant that on some important points, this report is not able to fully answer key questions. These points are identified below. Work on these should continue and be taken up by the Evaluation Office, or in some cases perhaps by the Secretariat, STAP, or the Trustee, in the coming years. Furthermore, the advice of the Senior Independent Evaluation Advisors may throw additional light on potential further exploration of the material for the benefit of future decision making, as well as propose improvements for OPS5.

22. An important limitation lies in the use of the Project Management Information System to identify the full GEF portfolio. While on basic information the current database is an improvement over the previous system, still much of the detailed information is not fully reliable, as was discovered in the last phase of OPS4. The Secretariat has made a valiant effort to update the database end of June and early July, but further improvements are needed.

23. The achievements of the GEF are mainly revealed through finished projects, which are all independently evaluated or independently verified. OPS4 studied all projects that provided terminal evaluations as from fiscal year 2004. These terminal evaluations pose limits in reliability, as discussed in the Annual Performance Reports of the Evaluation Office. Through additional work (field verifications, case studies, and additional documentation) these evaluations have been the basis of much of the results oriented work of OPS4. This has meant that the newer focal areas persistent organic pollutants and land degradation are underrepresented. More importantly, the new GEF Agencies are not yet sufficiently represented in this cohort of projects to allow for a full assessment of their achievements.

24. OPS4 was not able to gather sufficient evidence on the involvement of Civil Society Organizations and the private sector in GEF operations. The RAF mid-term review concludes that in biodiversity and climate change the involvement of CSOs and the private sector both have gone down. There is no evidence that this conclusion should be changed. The impact evaluation on ozone depleting substances shows a strong involvement of the private sector in that focal area. The Small Grants Programme remains the champion of involvement of local communities and local organizations. More should be said, but will have to be explored in future evaluations.

25. The issue of cost-effectiveness continues to be problematic, as it is in almost all international organizations. The reason is that in order to establish cost-effectiveness, comparable measurements need to be applicable on comparable activities and products or outcomes. Benchmarking can only be carried out in a credible way in comparable markets for comparable products, and the arena for international cooperation on global environmental issues does not qualify as such. For this reason OPS4 does not venture beyond calculating the cost-effectiveness of greenhouse gas reductions in the energy efficiency and renewable energy portfolios of the climate change focal area. OPS4 ran out of time and budget before a comparison to other organizations or other modes of greenhouse gas reductions could be started; but no easy comparisons were available.

26. On the progress toward impact, the new review methodology shows great promise, and OPS4 fully supports the findings reported on in section 3 of this report, but new methodologies almost inevitably run into fine tuning problems. In some focal areas, foundation activities were not reviewed; in others they were. Time to correct this was no longer available. However, care was taken to ensure that this was reflected in the qualitative assessment of the results. The results are not always presented in the most user-friendly way; this also has to be developed further. The Evaluation Office will continue to develop this in consultation with the GEF partners.

27. The focus on progress toward impact in OPS4 also means a focus and limitation of the study to mainly the three implementing agencies of the GEF: the World Bank, UNDP and UNEP. The new Agencies which have now substantially increased their share in the GEF do not have a sufficient number of finished projects to allow any conclusion yet.

28. On human, financial and administrative resources management, OPS4 presents some progress and delivers some recommendations on how to proceed, but it does not claim to provide a full overview. Nevertheless, the current discussion could serve as a basis for further work. The cost comparison to other organizations is an example of a preliminary identification of an issue which should be further explored in future.

29. On two issues OPS4 does not “restate the case” that had already been fully explored in the past. In the years since OPS3 the GEF Evaluation Office has presented two evaluations to Council that highlighted major issues for reform in the GEF. The first was the Joint Evaluation of the GEF Activity Cycle and Modalities, which in 2006 concluded that the GEF identification and approval of projects was inefficient and ineffective, and these processes were broken and beyond repair. This led to a full reform of the cycle which is not yet finished or fully visible, given the relatively short time that has passed since the reform was initiated. OPS4 therefore does not contain a verdict on whether the reformed cycle is now adequate and efficient, although initial findings point in a positive direction.

30. The second was the Mid-Term Review of the Resource Allocation Framework (RAF), presented to the GEF Council in November 2008. This evaluation concluded that the system was: too complex; not sufficiently transparent; too costly; leading to a low level of utilization in many countries; with rigid and skewed implementation rules leading to complaints and tensions. As a result, a new system is in preparation for GEF-5, which is currently under discussion.

31. Since efforts to improve the key GEF decision points in the project cycle and the discussion on a new allocation system are continuing, OPS4 has not devoted many pages on repeating the findings of these two evaluations, but would like to reiterate that improvements are essential to achieve a better functioning GEF in the programming and pre-approval phases of key decisions on GEF funding.

The GEF Portfolio

32. The GEF Trust Fund has been the primary source of funds for grants made by the GEF. In addition to the trust fund, the GEF administers the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF). Including disbursements from the SCCF and the LDCF, the GEF has, since its inception, provided funding of approximately \$ 8.77 billion, of which 97.9 percent (\$8.59 billion) is from the GEF Trust Fund and the remainder from the SCCF and the LDCF (table 1.1).

33. The majority of projects that have been funded from the GEF Trust Fund are in the biodiversity focal area (table 1.2). In dollar terms, however, the biodiversity share is almost identical to that of the climate change focal area: together, the climate change and biodiversity focal areas account for about a third of GEF funding committed to date. During GEF-3 and GEF-4, the share of funding allocated to these two focal areas declined; this was largely because a significant proportion of funding for multifocal projects, which increased during this period, addresses climate change and biodiversity considerations, particularly through the SGP modality. Additionally, resource utilization in these two areas has slowed slightly following the establishment of the Resource Allocation Framework.

Table 1.1 GEF Project Funding by Fund (million \$)

Fund	Pilot phase	GEF-1	GEF-2	GEF-3	GEF-4	All phases
GEF Trust Fund	726	1,228	1,857	2,784	1,996	8,590
LDCF	0	0	0	6	88	95
SCCF	0	0	0	14	72	87
Total	726	1,228	1,857	2,804	2,156	8,772

Source: GEF Project Management Information System, through June 30, 2009.

Table 1.2 Number of Projects by Focal Area

Focal area	Pilot	GEF-1	GEF-2	GEF-3	GEF-4	All phases
Climate change	41	141	215	166	96	659
Biodiversity	57	206	286	240	157	946
International waters	13	13	47	48	51	172
Ozone-depleting substances	2	12	7	3	2	26
Persistent organic pollutants	0	0	45	96	59	200
Land degradation	0	0	0	45	31	76
Multifocal	1	6	28	195	80	310
All focal areas	114	378	628	793	476	2,389

Source: GEF Project Management Information System, through June 30, 2009.

Table 1.3 GEF Funding by Focal Area

	CC	Bio	IW	ODS	POPs	LD	MFA	Total
Funding in \$m	2,743	2,792	1,065	180	358	339	1,114	8,591
Percentage	31.9%	32.5%	12.4%	2.1%	4.2%	3.9%	13.0%	100.0%

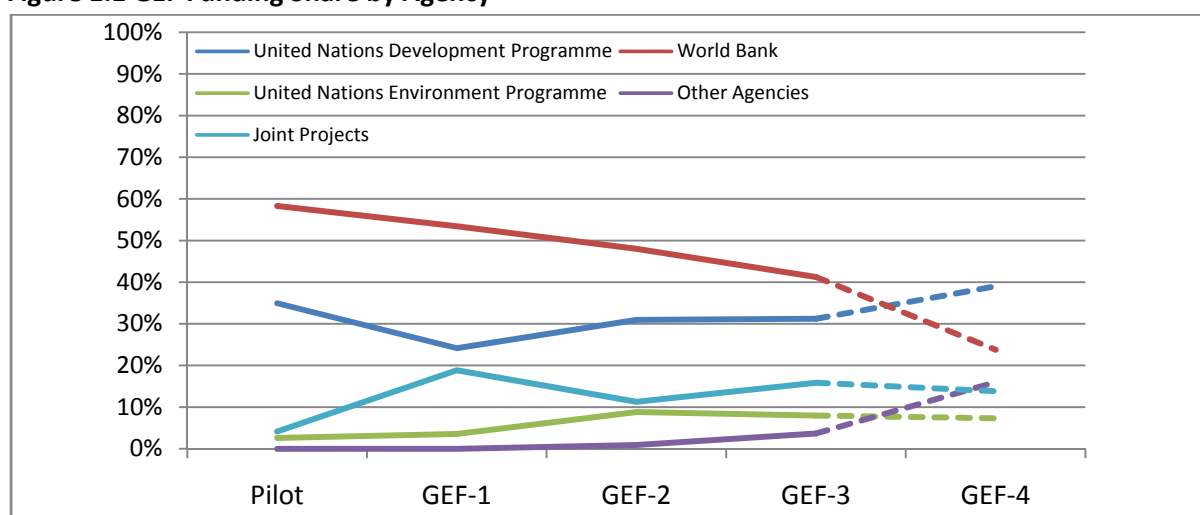
Source: GEF Project Management Information System, through June 30, 2009.

34. A remarkable trend in terms of GEF funding by its Agencies has been the decline in share of the World Bank. During the GEF's pilot phase, the World Bank accounted for 58.3 percent of GEF

funding. Its share has been declining steadily since. The pace of decline accelerated during GEF-4, and the World Bank now accounts for less than a fourth of total funding provided by the GEF (figure 1.1). The decline in the World Bank share is spread across focal areas.

35. The GEF provides funding through four basic modalities: full-size projects, medium-size projects, enabling activities, and small grants (through the SGP). Full-size projects account for 87 percent of GEF project funding. In recent years, there has been some increase in the share of SGP funding; this reflects the fact that SGP funding is front loaded. When the GEF-4 replenishment period ends, the SGP relative share will revert back to its GEF-3 level. The share of enabling activities has dropped substantially over time (table 1.4).

Figure 1.1 GEF Funding Share by Agency



Note: the dotted lines indicate the trend for GEF-4.

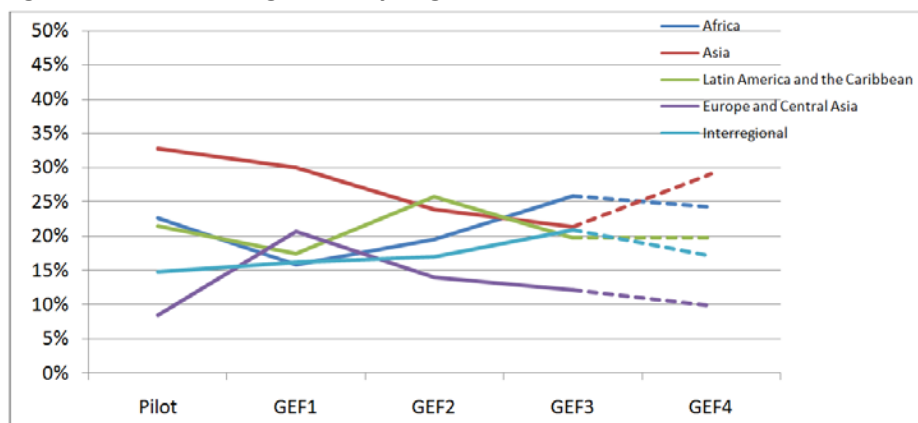
Table 1.4 GEF Funding by Modality (million \$)

Modality	Pilot phase	GEF-1	GEF-2	GEF-3	GEF-4	All phases
Full-size projects	678	1,126	1,566	2,351	1,719	7,440
Medium-size projects	0	7	124	136	104	371
Enabling activities	35	69	91	132	7	334
SGP	13	26	75	165	166	446
Total	726	1,228	1,857	2,784	1,996	8,590

Source: GEF Project Management Information System, through June 30, 2009.

36. Figure 1.2 shows changes in the GEF funding share by regions across the GEF phases. From GEF-3 to GEF-4, there has been a substantial increase in the share of funding for Asia, while funding to Europe and Central Asia has declined significantly. The shares for Africa and Latin America and the Caribbean have remained stable. There has been some decline in the share of interregional projects.

Figure 1.2 GEF Funding Share by Region (Dotted lines indicate the trend for GEF-4.)



Main Conclusions and Recommendations

The GEF in a Changing world

37. OPS4 places the GEF in the context of international environmental trends. New scientific information shows that many environmental problems are increasing rather than decreasing, which leads to the first conclusion of OPS4.

Conclusion 1 – Global environmental trends continue to spiral downward.

38. The end of GEF-4 and the onset of a new replenishment coincide with a period in which the planet is facing unprecedented challenges on many fronts. The essential services supplied by the Earth’s healthy ecosystems — including the provision of food, fuel, and fiber; the regulation of climate and water; and support of primary production, soil formation, and nutrient cycling — are no longer assured. The demands of our ever-growing human population for food, water, and energy and the inevitable escalating pressures brought to bear in meeting these needs have ushered in an era of growing threats to the overall security of our life support systems. This unprecedented stress on our ecological infrastructure places the guarantee of continued ecosystem services under severe threat. In so doing, it puts at risk the health, livelihoods, and well-being of all people—especially the world’s poorest and most vulnerable inhabitants. The failure of market forces to ensure the sustainability of our global economy and the desperate need to lift billions out of poverty only add to this instability and signal a clear and urgent call for redoubling effective, innovative, and catalytic action to halt and reverse these trends.

39. The GEF was created to provide new and additional grant and concessional funding to meet the agreed incremental costs of measures to achieve agreed global environmental benefits. This mission has remained in place over the years with the addition of new focal areas, strategic priorities, and partners. Given growth in the extent, complexity, and magnitude of the problems, this mission is more relevant than ever. Funding needs on global environmental issues within the GEF mandate are increasing dramatically. Disbursements for tackling development issues through international cooperation have increased, while international funding for environmental issues, whether global or national, has decreased. However, public funding is vital, because these problems can only be solved through partnerships among governments, the private sector, and local communities.

Recommendation 1 – Funding levels for global environmental issues need to rise substantially in order to tackle increasingly urgent problems.

40. The world community may decide on other ways than the GEF to finance and create solutions to global environmental problems. The first recommendation of OPS4 does not make the case for the GEF yet; it simply states that the world community is, at this point in time, not doing enough to solve the problems, and that this conclusion is worrying, to say the least. In principle, many solutions are now available and are not beyond current technological knowledge. The issue may be that the solutions are expensive and go against ingrained economic interests. On the other hand, not solving the problems is more expensive in the long run and endangers mankind's future livelihood on the planet, posing particular dangers to the poor and to underdeveloped countries.

41. Increased need has not been sufficient motivation in the past for GEF funding. Historically, the GEF has not been very effective in mobilizing resources; funds for all subsequent replenishments following GEF-2 have decreased in real terms. Furthermore, although developed country donors have provided new and additional funding for global environmental benefits to developing countries, this has been insufficient to cover the increasing agenda of the GEF as agreed upon in the conventions.

Conclusion 2 – The GEF has been underfunded since GEF-2, given the scope of its agenda, the guidance of the conventions, and its mode of operation.

42. A variety of evidence indicates that the GEF is underfunded. Donors have kept their pledges to the GEF at the same level in both GEF-3 and GEF-4, reflecting the lower priority they attach to the environment in general and to global environmental issues. The multilateral environmental agreements the GEF serves, which were agreed to by these same donors, have continued to ask more of the GEF; consequently, in many areas, the GEF is now only minimally active. In addition, the international waters focal area is underfunded; its strategy requires up-scaling from foundation to demonstration to catalyzing investment, but the allocation for international waters in GEF-4 actually went down. The categorization of GEF activities into foundation, demonstration, and investment activities shows that least developed countries, small island developing states, and fragile states are receiving insufficient support on demonstration and investment, due to the low levels of the allocations for these countries. Lastly, project cycle inefficiencies in the past often were caused by lack of money to fund projects that were ready for approval: when approvals took place on a first-come first-serve basis, proposals had to wait until new funds became available before they could be approved.

Recommendation 2 – The GEF-5 replenishment needs to offer a substantial increase over GEF-4, or the GEF will need to dramatically reduce support to focal areas, groups of countries, or modalities.

43. The GEF model of foundational support through demonstration to investment incorporates an organic growth in funding to countries until the moment that concern for global environmental issues has been fully incorporated and mainstreamed in the sustainable development agenda. Although some of the larger recipients of GEF funding are clearly moving in this direction, it is also clear that many countries are still far removed from graduating from the GEF. Furthermore, many countries in the GEF are still awaiting further support on demonstration of approaches, market barrier removal and introduction of new technologies and are not yet ready to move to scale this up to national levels. The same level of funding in GEF5 would pose challenges. The review of progress toward impact shows that

the scale of interventions matters and that several support efforts may have failed because of lower funding amounts or reduced geographic scope.

44. If funding levels remain the same, the GEF would need to prioritize its support in order to continue to achieve impact. This could potentially be done by reducing the number of focal areas, or restricting modalities to certain groups of countries, or reducing support to a limited group of countries.

Conclusion 3 – Its link to international environmental agreements as a financial mechanism is an added value for the GEF in tackling global environmental problems.

45. The GEF has a relatively unique position among international funding agencies: it is a financial mechanism for several multilateral environmental agreements. This gives it a strong mandate to support actions in countries on global environmental issues: on the one hand, with support from donors it addresses problems that have been recognized internationally as urgent; on the other, the countries that receive support are signatories to the agreements and have agreed to take action. In principle, this means that the GEF, donors and recipient countries form a strong partnership to address common goals.

46. The GEF is the primary funding source for implementation of the convention on biodiversity, the convention on persistent organic pollutants, and the convention for combating desertification. New sources of funding have emerged for climate change initiatives, but they are not yet fully operational.

47. The GEF continues to respond to guidance from the various conventions by adapting its strategies, policies, and procedures and by approving projects. Guidance to the GEF continues to accumulate, although some conventions are moving into strategies. The Resource Allocation Framework has hindered the access of many countries to the GEF, particularly in climate change.

48. Steps have been taken to improve the relationship between the GEF and the conventions and their secretariats, but more can and should be done.

Recommendation 3 – The GEF and the conventions need to interact to improve and focus guidance. Guidance should be prioritized at the national level.

49. Significant measures have been taken to improve communication between the GEF and the conventions. This initiative should continue and should focus on improving the quality of convention guidance. The GEF's future allocation system should ensure exclusions for communications to the conventions, since these are mandatory and are supposed to be paid in full by the GEF. The GEF should be responsive to new guidance received between replenishments, either by including an unallocated amount in its replenishment or by accepting additional funds between replenishments to enable implementation of the new guidance. Reporting from the GEF to the conventions should include a critical assessment of the GEF's experience with project implementation, as well as its experience with incorporating conference of the parties guidance into its strategies and program priorities.

50. National governments should take the lead in prioritization of the implementation of guidance from conventions. Within this prioritization process, issues eligible for GEF support can be identified. Convention focal points need further involvement in the GEF at the national level (i.e., GEF committees should require participation of convention focal points) and at the global level.

Conclusion 4 – The GEF’s mode of operation through three levels of action – foundation, demonstration, and investment – brings an added value to its catalytic role.

51. The GEF’s catalytic role, one of its principles, is embodied in its approach through *foundation* activities focusing on creating an enabling environment; to *demonstration* activities, which are innovative and show how new approaches and market changes can work; to *investment* activities that scale these up to a national level to achieve sustainable global environmental benefits.

52. OPS4 has categorized all GEF activities from the pilot phase to June 30, 2009, and concludes that this has worked well in middle income countries. On the other hand, OPS4 concludes that in small island developing states, least developed countries, and fragile states, the GEF is more or less stuck at the level of laying a foundation for future work, with some efforts made toward demonstrating innovation and market barrier removal; investment has been made for only a few countries in these groups. If the GEF continues at its same funding level, this practice will also continue. It is certainly the case that most global benefits can be gained in middle-income countries and OPS4 does not advocate to stop working in those countries for that very reason. But current funding levels do not allow for support to grow to levels which would implement good policies, promising new approaches and ensure market transformation.

53. Proposals to focus more exclusively on demonstration to the detriment of foundation and investment activities will reduce the GEF’s catalytic effect and the sustainability of global environmental effects achieved. Calculations in the ozone-depleting substances impact evaluation show that, without the catalytic role of investments, 40 percent less reduction in ozone-depleting substances would potentially have been achieved.

54. The catalytic role of the GEF is well established at the strategic level, yet has not been translated into guidance for project design and has not led to tracking instruments to ensure that these effects are monitored during implementation and measured after projects end.

Recommendation 4 – The catalytic role of the GEF can be strengthened by increasing its funding level and by incorporating catalytic lessons in improved guidance and monitoring.

55. Funding levels in the GEF need to be increased substantially so it can play its catalytic role to the fullest extent in all recipient countries, to ensure that global environmental benefits are achieved.

56. The GEF’s catalytic role is most evident in the international waters focal area strategy, and other focal areas could benefit from incorporating elements of this strategy. In the climate change and biodiversity areas, a better recognition of the role of enabling activities could lead to increased country ownership of support.

57. Guidance on how to design, implement, and monitor and evaluate a project in view of its catalytic role should be encouraged to ensure better tracking and measurement of the GEF’s catalytic effect. The Evaluation Office will encourage this by making its methodological framework, data, and findings available for further discussion and elaboration among the GEF partners.

Conclusion 5 – GEF support is relevant to national environmental and sustainable development priorities as well as to international and regional processes.

58. Country ownership is one of the GEF principles related to its relevance to national priorities. OPS4 defined country ownership in terms of the extent to which GEF support is embedded within national or local priorities, and found several examples of such linkages. For example, the GEF has supported the development and implementation of protected area systems; has introduced climate change to national agendas (beginning with enabling activities); has assisted in the development and implementation of climate change policies, such as for energy efficiency and renewable energy, which are helping countries improve their energy choices; and has funded the preparation of national implementing plans to help countries identify persistent organic pollutants and bring them into the national agenda.

59. Evidence, mainly through the Country Portfolio Evaluations and the OPS4 country case studies shows that countries have used GEF support to introduce new environmental policies and to introduce the requisite environmental legislation and regulatory frameworks. However, for most countries, the available GEF funding is insufficient for implementing convention guidance on adaptation, biosafety, and land degradation.

60. There is no evidence that the increasing emphasis on national ownership in the GEF leads to reduced attention to global environmental issues. On the other hand, when choosing which issues to address, there are currently no incentives for countries to collaborate on regional and transboundary issues.

Recommendation 5 – The GEF should further develop programming at the national level, by supporting the creation of GEF national committees and GEF national business plans.

61. In order to achieve global environmental benefits, the GEF and its Agencies collaborate with the GEF's most important partners: governments, civil society, the private sector, and local communities in recipient countries. The average five-year support of a GEF-funded activity is not enough to ensure sufficient scale and sustainability of global benefits in energy efficiency, use of renewable energies, protected areas, improved land management, reduced threats to international waters, and reduced threats to the ozone layer and to the health of humans and the environment by persistent organic pollutants. In almost all cases, the GEF sets in motion and starts up activities that need to be incorporated into policies, strategies, practices, and livelihoods. This always requires decisions from others: governments, civil society, the private sector, and local communities.

62. The partnership between the GEF and local actors could be enhanced in order to strengthen progress toward impact. The reviews of outcome toward impact, presented in section 3, show that actions taken after GEF support ended will ensure further progress. Furthermore, outcomes that show no or little progress may be turned around through follow-up actions. In many cases, remedial actions have been taken on the basis of terminal evaluations; more can be done, however, and the GEF and the country should focus on this.

63. Country Portfolio Evaluations show that GEF Agencies do not always integrate their GEF activities into either national support strategies or the United Nations framework for support to the country in question. In several cases, their GEF grants are kept more or less separate and out of the mainstream of the discussion of the country with the international community of donors. Several recipient countries do not sufficiently coordinate activities undertaken on environmental issues by

various agencies and donors. Although there is a noticeable increase in national coordinating committees, involving ministries beyond that for the environment and other stakeholders are involved, this is not yet standard practice. A national mechanism for interacting with GEF Agencies and other donors on environmental support is vital to ensure that GEF and other environmental support is fully in line with and incorporated into national priorities and strategies.

64. Programming at the national level could support global and regional projects and programmatic approaches. If priorities set at the national level clearly identify transboundary problems, as several country portfolio evaluations have indicated over time, an approach focused on such transboundary problems could be used to ensure a higher level of relevance and country ownership of global and regional projects and programmatic approaches. The conceptual framework of the international waters focal area could be helpful in this regard. This approach also holds incentives for countries to collaborate in tackling global and regional environmental problems.

Conclusion 6 – Seventy percent of finished projects show moderate to solid progress toward impact.

65. OPS4 has reviewed all finished projects whose terminal evaluations were presented to the Evaluation Office since fiscal year 2005. The review methodology was derived from the Office’s impact evaluations and has been field tested and peer reviewed, as well as checked against the well-established methodology of rating terminal evaluations. The resulting review of progress toward impact shows that 70 percent of project’s outcomes show definite progress toward impact, which cannot be compared to an international benchmark, because the GEF is the first international organization to report on progress toward impact at the portfolio level.

66. The positive rate of progress toward impact is encouraging, because it assures donors and recipients that global environmental benefits can and will be achieved if continued action ensures that progress continues. A crucial time horizon must be taken into account in this regard. In general, global environmental benefits can be measured relatively quickly in the focal areas of climate change, ozone-layer depletion, and persistent organic pollutants. They require a much longer time to appear in the biodiversity, international waters, and land degradation focal areas. Nevertheless, evidence of impact exists in all GEF focal areas; in the short term, they are not yet at a sufficient scale. The evidence of short-term impact does demonstrate that the interventions supported by the GEF “work” – that they can and will produce benefits if continuously supported.

67. Worsening global environmental trends provide many counterfactuals to GEF support. Within countries receiving GEF support, biodiversity losses continue in areas that are not supported through the GEF. In climate change, trends in greenhouse gas emissions cannot be influenced directly by GEF support, however successful, given the relative low level of funding received as compared to funding needed. In other focal areas, GEF efforts are successful but insufficient to affect global trends. Ozone-depleting substances may provide an interesting illustration in this regard. While the Multilateral Fund of the Montreal Protocol, the GEF, and developed countries together may have succeeded in successfully tackling threats to the ozone layer as identified in the Montreal Protocol, climate change and new threats to the ozone layer have been added to the agenda as they have emerged, and the battle is far from resolved.

68. The GEF portfolio shows no progress toward impact in 30 percent of outcomes. Yet even here, there is evidence that impact can be achieved if remedial actions were taken. Bigger projects, as

measured by their level of funding, achieve better progress toward impact, while smaller projects do not score that well. This finding leads to the hypothesis that some of the smaller projects were actually underfunded and, as a result, were not able to build sufficient critical mass or work at a scale that would enable progress toward impact.

Recommendation 6 – Progress toward impact in GEF-supported outcomes shows the value of a portfolio approach at the national level, which enables recipient countries to fully support and maximize progress toward global environmental benefits.

69. To reach the full potential contribution toward global environmental benefits, GEF projects need to be designed and implemented as much as possible to ensure local ownership, continued government support, and ongoing availability of funding after project closure. However, no one project can guarantee the support of these various actors; there is thus much value in a portfolio approach at the national level, an approach now taken only in larger GEF recipient countries. A portfolio approach that incorporates national GEF programming and follow-up, including monitoring, supervision, and evaluation, will enable recipient countries to fully support and maximize progress toward global environmental benefits.

Progress to Impact: Focal Area Issues

70. GEF **climate change** funding has supported a solid level of achievement of progress toward intended global environmental benefits, both in terms of reduction or avoidance of greenhouse gas emissions and of sustainable market changes. Despite this achievement, the GEF contribution to reduction in greenhouse gas emissions is quite small compared to the reduction required at the global level to ensure an impact on future climate change and a more sustainable development path.

71. Projects that show better progress toward global environmental benefits demonstrate more specific attention in their design and/or implementation to steps necessary to catalyze government commitment from national to local levels; coherent financial, policy, tariff, and/or tax incentives to influence the market; commitment of the resources needed to scale up project benefits; and measures to generate and encourage the lasting commitment of key national stakeholders. Progress toward global environmental benefits also depends on ongoing and long-term support from governments, the private sector, and local communities after project completion.

72. On **biodiversity**, the GEF has been responsive to guidance of the biodiversity convention, particularly on issues related to conservation and sustainable use (through protected areas and mainstreaming biodiversity in production sectors). Access to biosafety has not kept up with potential demand. About 70 percent of the completed projects reviewed have made some progress towards GEBs with 40 percent making strong progress. The remaining 30 percent of projects have made no progress towards GEBs yet. Projects which show higher progress toward global environmental benefits demonstrate more specific attention in design and/or implementation to ensure that effective local ownership is fully operational before project completion. Progress toward global environmental benefits crucially depends on ongoing and long-term support from governments, private sector and local communities after the project has terminated.

73. The conditions in the early 1990s that gave rise to the GEF and to the creation of an **international waters** focal area have not abated, and there are new challenges that make the international waters work of the GEF highly relevant. The GEF has been instrumental in promoting new

international and regional agreements on transboundary water bodies and has catalyzed the implementation of several existing agreements, thus helping to set the stage for national policy changes that can lead to reduced ecological stress. Independently verified evidence exists that GEF projects are contributing toward the reduction of pollution stresses in many international water bodies.

74. Key factors that promote or hinder progress toward impact are direct engagement with industrial and agricultural interests to ensure stress reduction; relevance to national priorities to ensure sustainable and increasing national financial support; and a robust understanding of ecosystem services through the development of scientifically sound transboundary diagnostic analyses. Progress toward global environmental benefits is particularly difficult when all the countries in the catchment area or bordering the water body do not participate in the project at hand. Such projects should focus on including the remaining countries before proceeding to the investment stage.

75. The phased approach to foundational, demonstration, and investment activities in international waters should provide inspiration to other focal areas to better integrate foundational and enabling activities in their strategies in line with convention guidance.

76. GEF support for the phaseout of consumption and production of **ozone-depleting substances** in countries with economies in transition has made a contribution to global environmental benefits. Legislative and policy changes supporting phaseout provided a foundation for success and ensured sustainability. The private sector commitment to phaseout was a critical driver in the success of GEF investments in countries with economies in transition.

77. However, illegal trade threatens to undermine gains in ozone-depleting substances reduction in the non-European Union countries with economies in transition. Halon recovery and stockpiling has been neglected in these countries as well; this should be rectified. In some countries, the national ozone units have ceased to function after GEF support ended, which may prevent measures being put in place to address the remaining threats to the ozone layer. Also, destruction of stocks is weak—only 15 percent of countries actually destroy their stockpiled ozone-depleting substances.

78. The GEF Council should consider further investment and capacity development to help countries with economies in transition to address remaining threats to the ozone layer. The GEF should learn from the positive experiences with engaging the private sector and incorporate similar approaches into its efforts to engage the private sector in other focal areas.

79. Non-EU countries with economies in transition should consider improving the implementation of their legislation, policies, and standards on all aspects of ozone layer protection. Current efforts to prevent illegal trade must be further strengthened.

80. The GEF has been responsive to the guidance of the convention on **persistent organic pollutants** and is now moving into the next phase of support to this convention by providing funding toward the implementation of national plans.

81. The **land degradation** focal area does not yet have a sufficient number of finished projects to enable conclusions on progress toward impact.

82. The **multifocal area** project cohort has a bias toward targeted research. Consequently, it scores relatively low in terms of progress toward impact. Multifocal projects that are more operationally oriented projects do score well and combine focal area problems in a practical way.

Conclusion 7 – The GEF achieves 80 percent moderately satisfactory and higher outcomes as compared to the benchmark norm of 75 percent; yet inefficiencies continue in the pre-approval phase.

83. Performance of the GEF's projects has exceeded the GEF target of 75 percent satisfactory outcomes – the average score since fiscal year 2005 is 80 percent. The challenge is now to move to higher levels of satisfactory outcomes. Project design and implementation can be improved by looking at how progress toward impact after project termination can be encouraged during the project's lifetime.

84. The World Bank and the United Nations Development Programme continue to provide a satisfactory level of supervision to a high proportion of the GEF projects they implement; supervision by the United Nations Environment Programme has improved significantly over time. Social and gender issues in GEF strategies and projects are not addressed systematically; the GEF cannot rely completely on the social and gender policies of its Agencies.

85. The new 22-month project cycle seems to be reducing approval time. Twenty-one months after the approval of the first work program in the new cycle, 77 percent of projects were presented to the GEF Chief Executive Officer (CEO) for endorsement. No data are available on the remaining 23 percent. In the new cycle, the 22-month period between project identification form (PIF) approval and CEO endorsement is mostly within the responsibility of the GEF Agencies and focal points.

86. Delays were noted in the period preceding project proposal approval. PIFs tend to cycle back and forth between Agencies and the GEF Secretariat before they are submitted for Council approval, with some inefficiency in communication. The Secretariat has adopted a 10-business-day standard for replies, which it has met for 56 percent of PIFs received. The Agencies and project proponents have no comparable standard.

87. In January 2009, a new and improved GEF Project Management Information System was introduced. Following a concerted effort on the part of the Secretariat to update the database in June and July 2009, the system's core data can now be considered reliable, although structural quality checks are still lacking.

Recommendation 7 – GEF project performance should be further strengthened through improved guidelines, a better fee structure, and strengthening of social and gender issues.

88. Several performance-related issues need to be incorporated in new guidelines, including

- the process and criteria for project restructuring;
- social and gender issues and risk;
- how risk is tackled and reported on;
- the use of midterm reviews.

89. More attention should also be given to ensure that project fees provide sufficient resources to cover all GEF supervision requirements.

90. Social and gender issues need to be better recognized and better integrated in projects and policies as an essential means to achieving sustainable global environmental benefits.

91. GEF Agencies and the GEF Secretariat should establish a communication channel to discuss PIF problem cases and the possible termination of project ideas. The Agencies should introduce a business standard within which to submit revised PIFs to the Secretariat.

92. A comprehensive, expedited resolution of the remaining weaknesses in the GEF Project Management Information System should be devised.

93. Evidence of solid progress toward impact testifies to the comparative advantage of the GEF Agencies and the support they provide to recipient countries. In some cases, Agencies' GEF activities outperform projects in their regular portfolio. Given the solid reputations of the GEF Agencies in their own right, this finding is very encouraging and may demonstrate the added value of a partnership like the GEF over a more isolated approach.

Conclusion 8 – The Small Grants Programme continues to be an effective tool for the GEF in achieving global environmental benefits while addressing the livelihood needs of local populations, with special attention to reaching the poor.

94. The SGP contributes to numerous institutional and policy changes at the local, provincial, and national levels, and to building capacities among civil society and academic organizations to address global environmental concerns. Its success has resulted in a high demand for support. By the end of GEF-4, the SGP will be operational in 123 countries, with an additional 10 interested to become involved during GEF-5.

Recommendation 8 – The SGP should be recognized as a GEF modality that should be available to all recipient countries.

95. Development of the SGP into a fully recognized modality of the GEF needs to be accompanied by the following measures:

- Reform the central management system to make it suitable for the new phase of growth
- Prepare a suitable modality for funding national programs
- Publish a grievance procedure through which conflicts can be settled
- Establish a process by which audits will be made public

Conclusion 9 – Learning in the GEF is still not structurally and systematically encouraged.

96. The GEF does not have a knowledge management strategy that pulls all the learning efforts conducted by the GEF and its partners together in a coordinated and organized way. This results in lost opportunities for learning on the part of the GEF partners and countries.

97. The Evaluation Office is sufficiently independent and its reports are especially valuable for the Council for deliberations and decision making. The GEF Monitoring and Evaluation Policy clearly defines monitoring roles and responsibilities, which however continue to remain unclear to many GEF partners, particularly at the portfolio level. Monitoring and evaluation communication, information, and knowledge sharing are inadequate in the GEF network and can be improved.

98. The role of the STAP in terms of dispensing project advice is generally appreciated, but the STAP has not fulfilled its strategic mandate as originally envisaged. On the other hand, the Council has not requested STAP advice on critical technical and scientific issues facing the GEF.

Recommendation 9 – Learning in the GEF should focus on cross-agency and cross-country learning and be consolidated in a corporate strategy.

99. Learning and knowledge management within the GEF should be encouraged in a more systematic way, building on the experiences of IW:Learn, with a special emphasis on cross-agency learning and be consolidated in a corporate strategy.

100. The GEF Monitoring and Evaluation Policy will need to be updated for GEF-5 and should take into account the issues raised by the independent peer review and the independent review of GEF monitoring and evaluation issues. GEF focal points need to be involved as resource persons and process facilitators in evaluations. They should receive technical and financial support from the GEF Secretariat in setting up portfolio monitoring.

101. The STAP should take the initiative in presenting strategic scientific and technological advice to the GEF Council on critical policy issues.

Conclusion 10 – Monitoring, tracking tools, and impact indicators are not yet fully integrated into a results-based management framework for the GEF.

102. The GEF has made considerable progress toward establishing a results-based management framework. Monitoring has been improved in the period since OPS3, and tracking tools for the focal areas have been introduced. Although discussions on introducing a results-based management framework were held over time, these have not yet led to a framework that has been fully integrated into the various GEF strategies and policies. The GEF-5 replenishment proposals outline new steps in that direction and should be encouraged.

Recommendation 10 – The GEF should integrate impact indicators and measurements in the results-based framework for GEF-5.

103. The GEF Evaluation Office should, together with the GEF partners, work toward integrating impact indicators and measurements in the GEF-5 results-based framework. Based on emerging evidence on impact drivers essential for progress toward global environmental benefits, the GEF Secretariat should ensure that its tracking tools encompass this longer term perspective. The Council should approve and finance what could be a substantial exercise: developing and monitoring indicators for progress toward impact, integrated into the results-based management system of GEF-5.

Conclusion 11 – Resources are managed relatively well in the GEF, but improvements are possible.

104. In uncertain financial times such as these, the GEF Trust Fund has higher exchange rate risks than are now taken into account. Recipient countries also face exchange rate risks. Some GEF Agencies offer countries limited support in this regard, while others do not; there is currently no uniform practice throughout the GEF.

105. By reserving funds for a project's full projected cost at the identification stage, the Trust Fund keeps a large amount of money in reserve that will not be used in the immediate future; this is unnecessarily fiscally conservative. Most project proposals will take 22 months from approved identification to CEO endorsement; some will not lead to a fundable proposal.

106. In general, the GEF Trustee manages the GEF Trust Fund well. On certain aspects such as exchange risk managements, management of resources, and transparency, improvements can be made. The Trustee is aware of this and is presenting relevant proposals for the replenishment. On the replenishment process and fundraising de facto joint responsibility is taken by the Trustee and the CEO.

107. The GEF's fiduciary standards address areas that are not generally considered to be financial (project appraisal and evaluation) and that are overly prescriptive (audits).

108. The GEF fee system (10 percent per project) is, in some cases, unfair to the Agencies and is, on some categories of projects, unnecessarily expensive for the GEF.

109. The GEF does not appear to be more costly as compared to other facilities and funds. Some agencies have introduced cost/efficiency ratios that they plan to follow over time. No best international practice has yet been established.

Recommendation 11 – Improvements in resource management should focus on developing a new system for reserving funds for project ideas and reforming fiduciary standards and the fee system.

110. Approved PIFs should not be reserved only against available funds in the GEF Trust Fund but should be reserved against funds that are expected to be paid into the Trust Fund in future years, according to the payment schedules agreed on with donors. A formula would need to take into account currency risks and the risks of deferred and delayed payments. This recommendation may become superfluous when the GEF moves into country-level programming, but given that a shift in that direction depends on voluntary steps taken by recipient countries, a new way of reserving funds for project ideas should be developed.

111. The GEF Instrument should be amended to recognize and reflect the role of the CEO and the Secretariat in the GEF replenishment process.

112. Fiduciary standards should be separated into fiduciary and management standards. These standards should provide less detail on the practices to be followed and more specification of the results to be achieved.

113. The GEF fee system should be converted into a rules-based system grounded on the principle of fees for services, including non project services for support of program development. Higher fees should be allocated to smaller projects and lower fees to larger commitments. The system should recognize that additional expenditures are needed for different types of projects and groups of recipient countries (for example, higher transaction costs are incurred by the Pacific small island developing states), as well as for national governments, including GEF focal points, who are currently compensated by a separate corporate program.

114. The GEF should begin to develop a measurement system for its costs and encourage development of an international minimum standard.

Conclusion 12 – The governance model of the GEF compares well to that of other international organizations.

115. The GEF compares very well in terms of transparency of its governance and relatively well in terms of ensuring a voice and representation for its members in governance, in comparison with other international organizations. Its governance model seems adequate for fulfilling most of the tasks assigned by the GEF Instrument.

116. The GEF Assembly currently meets once every four years, which does not fulfill its potential in enabling all GEF members to participate in key decisions.

117. The GEF Council's constituency system creates problems for developing countries due to a lack of clear guidelines as to how constituencies are formed, how they operate, and how Council members and alternates should be selected and rotated.

118. The GEF is in line with current practice for international financial institutions concerning the division between governance and management. However, that practice is not in line with what is considered best standards of governance.

119. There is no institutionalized process of self-evaluation for the Council.

Recommendation 12 – Governance can be further improved by ensuring a more substantive role for the Assembly, by addressing constituency problems, and by implementing a longer term process to achieve a better division between governance and management in the Council.

120. The GEF Assembly should meet every two years in order to respond to a rapidly evolving environmental agenda, urgent new challenges, and growing convention needs and demands. This modification will require an amendment of the GEF Instrument.

121. The current problems in developing countries constituencies should be addressed.

122. During GEF-5, the GEF Council should lead a discussion on how to better separate governance and management functions, roles, and responsibilities between the Council and the CEO/Chair.

Conclusion 13 – Tensions in the GEF partnership arise from programming and project identification issues; these mostly stem from a lack of communication but are also due in part to fundamental questions on the appropriate roles of the GEF partners.

123. There are considerable strengths in the GEF partnership model, but the fast pace of changes within the GEF in recent years has caused tensions between the GEF Agencies and the GEF Secretariat, and between Agencies and recipient countries. These tensions are to some extent "creative," in that they may lead to a renewed and invigorated GEF that better uses the relative strengths of its partners, but they also carry reputational risks and cause inefficiencies if they lead to a reluctance to communicate.

124. The tensions in the partnership and the efficiency problems in the GEF are connected. In fact, the inefficiencies at key decision points on GEF support are at the root of much of the discontent. The first and likely most visible area of complaint and concern regards the approval phase of project proposals. The Joint Evaluation of the GEF Activity Cycle and Modalities concluded that the lag time for proposals awaiting approval had become unacceptably long. The resulting decisions to dramatically cut these waiting times show promise, but are not yet visible on the ground, which means that complaints continue to be voiced. However, the real cause of the long delays was lack of money, not lack of a willingness to make decisions.

125. Three key areas of reform have emerged. The process leading up to the identification of project proposals can be characterized as generally unsatisfactory and potentially leading to reputational risks for the GEF. By adopting the Resource Allocation Framework, in which countries received an indicative allocation for biodiversity and climate change, the GEF moved in the direction of programming on a national level, without indicating at that moment in time how this should be done. Neither the Secretariat, the Agencies, nor the country focal points were ready for this shift when it occurred. As a result, practices varied enormously throughout the GEF.

126. Second, the decision point to approve project ideas for further development has also led to tension and controversies in the GEF. While some of these problems have recently been resolved, more needs to be done.

127. Third, the process leading up to CEO endorsement and Agency approval, while definitely shorter than in the old project cycle, continues to lead to tension and complaints, mostly between GEF Agencies and focal points. To some extent, this can be explained as a competition for scarce resources, which becomes more intense when the resources become scarcer.

128. Complaints in any project cycle are natural and a part of the process; similarly, tension is usually unavoidable as well and can be seen as constructive to a point. In the case of the GEF, these tensions and complaints have become a negative asset, a reputational risk for the GEF that endangers its future as a viable mechanism for the conventions in addressing global environmental problems. For this reason, they deserve the attention of the GEF Council and must be addressed and converted into a positive source of improvement rather than a negative source of reputation loss.

Recommendation 13 – The GEF Council should address tensions within the GEF partnership and provide guidance on roles and responsibilities.

129. The GEF Council has a special responsibility in improving the efficiency of the GEF by reducing tension and promoting partnership. It has a tradition of micromanagement of the project cycle. The GEF is unique among international organizations in that its Council approves both project ideas and project proposals; no other institution has a similar level of board involvement.

130. Apart from an invitation to the Agencies to present their view on the future of the GEF by the replenishment meeting, the Council has not been involved in reducing tensions in the partnership. Replenishment proposals may contain clarification of roles and responsibilities, and this effort needs to be encouraged. The Council should take responsibility for guiding the partnership in the direction it envisages; this should include a discussion of and reflection on its own role.

131. One factor behind Council reluctance to delegate more responsibility to the GEF Secretariat, the GEF Agencies, and the GEF focal points seems to be a high sense of duty toward ensuring global

environmental benefits. Since OPS3, many monitoring and supervision measures have been put in place at the portfolio level; these should provide the Council with a sufficient level of assurance to enable it to delegate further:

- A system of independent review of terminal evaluations on outcome and sustainability ratings has been put in place, which is reported on in the annual performance reports of the Evaluation Office.
- Focal area tracking tools have begun to gather evidence on portfolio outputs and outcomes; this information is now reported on in the Secretariat's annual monitoring report.
- A portfolio-wide review of progress from outcomes to impact has been introduced into the GEF, and elements of this could be incorporated into the GEF-5 results-based management framework.
- The Evaluation Office has become fully independent, and a GEF Monitoring and Evaluation Policy has been adopted by the GEF Council; this policy will be updated in consultation with all stakeholders for GEF-5.
- The GEF Project Management Information System has been improved and, for the first time ever, correctly reflects the actual GEF portfolio on essential issues.

Concluding Remarks

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

133. The GEF projects are **effective** in producing outcomes, with the average score over the GEF-4 period of 80 percent exceeding the international benchmark of 75 percent.

134. The **sustainability** of these outcomes, as measured by progress toward impact, is good – 70 percent of finished projects see progress toward global environmental benefits, although further follow-up action from national partners is essential to achieve global environmental benefits.

135. The **efficiency** of the GEF can and should be further improved, with emphasis on programming, less time lost on project identification, better project formulation, an enhanced fee structure, more integrated learning, and a results-based management framework that includes progress to impact measurements.