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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.39/1 “*GEF Evaluation Office: Progress Report from the Director*”, takes note of the on-going work of the Office and the outlines of the work plan for GEF-5 that the Office is preparing, and requests the Office to prepare a detailed work plan and budget for the GEF-5 period at its meeting in May 2011, taking into account comments made.

EXECUTIVE SUMMARY

1. 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 require the Council's attention. This report aims to start up a first discussion with Council on the role of the Office during GEF-5, including the Fifth Overall Performance Study. Secondly, this will be placed within the context of improved financial management in the office, as well as a revised structure of the Office. Furthermore, the report provides up-to-date information on the selection of countries for the upcoming country portfolio evaluations, the work of the Office supporting monitoring and evaluation of adaptation issues, and the support for the community of practice regarding evaluating climate change and development.
2. The main streams of evaluative work have been agreed with Council: performance evaluations to check upon the various efforts to improve implementation and efficiency of the GEF; country portfolio evaluations to increase the understanding of how GEF support fits into national priorities and policies; thematic evaluations to tackle cross-cutting issues and specific strategies and priorities in the GEF; and impact evaluations to measure and assess the contribution of the GEF to global environmental trends and benefits.
3. The Office will aim to fully integrate OPS5 into the work plan of the Office and to focus on two key inputs into the replenishment process for GEF-6:
 - At the start of the replenishment process: an overview document of trends on key issues, as emerging from the evaluation streams.
 - Before the final phase of the replenishment process: the full OPS5 report.
4. To be able to deliver these products, the Office will need to deepen its investments in the evaluation streams during the GEF-5 period. Elements that need to be taken into account include, amongst others, the need to invest more in evaluations (as noted by the peer review), the increase in the GEF portfolio (with at least 40%), and the broadening of the GEF network and modalities.
5. However, economies of scale can be achieved. The improved financial management system of the Office has already led to considerable savings at the end of FY10. The final expenditure for FY10 amounted to just under \$3.8 million, whereas the Council approved a budget of just over \$4 million: a savings of \$228,000 was returned to the general GEF Trust Fund. Preliminary calculations show that with a modest 9% increase in the base budget for FY12, followed with 3% inflation increases, the Office will be able to ensure the increase in efforts needed to ensure the same evaluation coverage that was achieved for GEF-4. The Office will prepare a detailed work plan and budget for Council's consideration at the May 2011 meeting.

BACKGROUND

6. 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 require the Council's attention, on top of the other reports that are presented to this Council meeting, i.e. the GEF M&E policy, the Earth Fund Review and the SPA Evaluation.

7. This report aims to start up a first discussion with Council on the role of the Office during GEF-5, including the Fifth Overall Performance Study. Secondly, this will be placed within the context of improved financial management in the office, as well as a revised structure of the Office. Furthermore, the report provides up-to-date information on recent developments in the work plan of the Office that should be brought to the attention of the Council.

EVALUATION PLANNING LEADING UP TO OPS5

8. The main streams of evaluative work have been agreed with Council: performance evaluations to check upon the various efforts to improve implementation and efficiency of the GEF; country portfolio evaluations to increase the understanding of how GEF support fits into national priorities and policies; thematic evaluations to tackle cross-cutting issues and specific strategies and priorities in the GEF; and impact evaluations to measure and assess the contribution of the GEF to global environmental trends and benefits.

9. The Fifth Overall Performance Study of the GEF will be a key element in the overall work plan of the Office for GEF-5. This is an important difference with the GEF-4 period. From 2006, when the GEF Monitoring and Evaluation Policy was approved, to 2008, when the Fourth Overall Performance Study of the GEF started, the evaluation programming of the Office was to a large extent "under development." New evaluation products had to be introduced and tested, like the impact evaluations and the country portfolio evaluations. They were not specifically designed to produce evaluative evidence that would answer key questions of OPS4, because at the time of introduction these key questions had not yet been identified.

10. When OPS4 was fully defined in 2008, it turned out that substantial additional work was needed. As a result, work on OPS4 led to a temporary peak in the work of the Office, which was also reflected in the expenditure in FY09. The Office has raised this issue with Council in November 2009 and has further developed this into a proposal to initiate a separate annual budget for staff and management costs, and a multi-annual budget for evaluations, ensuring that temporary peaks can be accommodated. Council approved this proposal and the Office will submit a first multi-annual budget at the Council meeting in May 2011.

11. The Office will aim to fully integrate OPS5 into the work plan of the Office. It is in the process of identifying the key issues that need to be reported on in OPS5, to provide continuation from OPS4 and to ensure timely input in the replenishment process.

Given the better ties between the streams of evaluations and OPS5 than was possible for OPS4, the Office aims to provide two OPS5 related inputs into the replenishment process for GEF-6:

- At the start of the replenishment process: an overview document of trends on key issues, as emerging from the evaluation streams. This would be a presentation of aggregated evaluation data through a synthesis document.
- Before the final phase of the replenishment process: the full OPS5 report, which would also incorporate answers to additional key questions that to some extent require additional evaluative work.

12. When the replenishment process is planned, final dates will be identified and the content of the products will be discussed with Council.

BUDGET REQUIREMENTS FOR GEF-5

13. To be able to deliver these products, the Office will need to deepen its investments in the evaluation streams during the GEF-5 period. The following elements need to be taken into account:

- The peer review of the GEF Evaluation function concluded that several evaluation streams were underfunded and that this could potentially undermine the credibility of the evaluations: specifically the country portfolio evaluations were mentioned, but also in general the need to increase the level of fieldwork and interactions with stakeholders.
- A related issue raised by the peer review was that evaluations should to some extent be broadened to include issues that would provide lessons at the Secretariat, Agency and implementation levels, beyond the immediate use that Council makes of evaluation results. To the extent that this leads to additional work, additional costs are inevitable.
- Council members have repeatedly asked the Office to ensure that it supports Evaluation Capacity Development in its member countries, and this will need to be translated in a moderate investment in specific tools and support that could be given in the framework of on-going evaluations. Obviously the Office cannot tackle global evaluation capacity development issues, but it can provide support through identifying best practices, benchmarks, tools and to a limited extent, training.
- The GEF-5 period will see an increase in the GEF portfolio, and thus the “evaluendum” of the Office, of at least 40%. This is especially relevant to the performance, country portfolio and thematic evaluations.

- GEF-5 will also be characterized by continued reform in the GEF, leading to more agencies, more modalities and new programs and strategies. This will also lead to a substantial increase of the evaluandum of the Office.
- Evaluation expenditure in projects and in programs, through administrative budgets and project fees for the Agencies, will also increase substantially during GEF-5, and will require an increase in expenditure of the Office, especially in performance evaluations, which will need to keep track of developments.
- The US dollar has decreased in value versus many currencies, which has led to increased operating costs in many countries.

14. However, economies of scale can be achieved. The improved financial management system of the Office has already led to considerable savings at the end of FY10. The final expenditure for FY10 amounted to just under \$3.8 million, whereas the Council approved a budget of just over \$4 million: a savings of \$228,000 was returned to the general GEF Trust Fund.

15. Preliminary calculations show that with a modest 9% increase in the base budget for FY12, followed with 3% inflation increases, the Office will be able to ensure the increase in efforts needed to ensure the same evaluation coverage that was achieved for GEF-4, even though the evaluandum of the GEF has increased substantially, as shown before. This is based on the original planned base budget of \$4.1 million in FY11 (\$0.4m of that budget has been transferred to FY10, due to the expected expenditure peak due to OPS4). The Office proposes to prepare its proposals for the GEF-5 multi-annual evaluation budget on this basis. The proposed budget will first establish a solid basis for a calculation of evaluation expenditure over the GEF-5 period, and then incorporate the expected peak of expenditure during OPS5, which will be less pronounced as the OPS4 peak.

ORGANIZATION OF THE OFFICE

16. The Office has been reorganized to ensure better management of the evaluation streams and the financial and operational aspects of its work. Five teams have been formed in the Office: four teams that tackle the four streams: performance, country portfolio evaluations, thematic evaluations and impact. The fifth team: operations and knowledge management will ensure strong support to the evaluation teams and strengthen the budget process, as well as ensure communication of evaluation findings to GEF stakeholders.

17. Each evaluation team is headed by the Chief and Senior Evaluation Officers, whereas the operations and knowledge management team is headed by the Evaluation Operations Officer. The GEF-5 period will be used to build up the teams, ensure good internal and cross-team communication, and establish the relations of these teams to external partners. For example, the impact team will interact with the Network of Networks on Impact Evaluations, and will ensure that the methods used remain at the level of best international practice.

RECENT DEVELOPMENTS

ECG Briefing Note on Biodiversity for a Sustainable Future

18. The Evaluation Office is a participant in the meetings of the Evaluation Cooperation Group (ECG) of the International Financial Institutions. The ECG has recently moved in the direction of preparing synthetic “lessons learned” notes for important upcoming international events. Two possibilities for such notes were identified in the short run: a note on evaluation lessons relevant to the achievement of the Millennium Development Goals, and a note relevant for the tenth meeting of the Conference of the Parties (COP-10) of the Convention of Biological Diversity, in Nagoya, Japan, October 19-28. The GEF Evaluation Office was invited to coordinate and prepare a briefing note for COP-10.

19. With strong inputs from the independent evaluation offices of the World Bank, the European Bank for Reconstruction and Development, the Asian Development Bank and the Food and Agriculture Organization of the UN, the draft note was discussed in the ECG in early October, leading to further inputs from the African Development Bank, IFAD and UNDP. The note was finalized on October 13 and submitted by the Chair of the ECG, Mr. Fredrik Korfker, to the Executive Secretary of the CBD, Dr. Ahmed Djoghlaif. The note was accepted as information document no. 39 of COP-10. The note was introduced to Working Group II of COP-10 on Tuesday October 19 and discussed at a side event on Thursday October 21.

20. The briefing note confirms and validates many of the findings of OPS4. For the GEF Evaluation Office it was interesting to find that so many of our findings has emerged in independent evaluations of other evaluation offices. The note highlights the interconnectedness of the major environmental problems: climate change, loss of biodiversity and increasing dangers from chemicals in the environment. It places these trends in a global context where less priority in many UN agencies and international financial institutions is given to support for biodiversity.

21. The ECG notes that support for protected areas has been successful to ensure that more than 10% of the Earth’s surface is protected. However, since this protection is unevenly distributed and does not sufficiently include marine and inland water systems. Nevertheless protected areas have been influential in preventing deforestation. They also have been successful in increasing local incomes in a sustainable way, especially where indigenous people were integrated in these efforts.

22. At the national level, governments need to create an enabling environment, and through experimentation and demonstration work towards identifying win-win situations that will enable sustainable poverty alleviation and development. Three elements were identified as crucial to ensure success: stakeholder ownership, sustainable financing and adequate information flows.

23. However, the success of biodiversity interventions has not prevented the overall loss of biodiversity. The ECG notes that many international financial institutions restrict

their support for biodiversity to “do no harm” safeguards and compliance policies. It argues for a renewed emphasis on and clear support for biodiversity. The main lesson from many evaluations is that neither the International Financial Institutions nor the UN agencies have woken up to the urgency of the situation, and they have not integrated biodiversity and environmental issues into their strategies and implementation. This situation must be turned around quickly through scaling up of positive examples of biodiversity conservation and mainstreaming conservation and sustainable use of ecosystems, genetic resources and species.

Selection of Countries for Country Portfolio Evaluations

24. The new multi-annual Country Portfolio Evaluation (CPE) cycle has started this fiscal year by launching three evaluations in the LAC region. One has started in September 2010, one will start in January and a third one in March/April 2011. These CPEs will be followed by a further 12 CPEs in the next four years, going through all regions of GEF support.

25. The selection procedure developed by the Office in 2006 has been updated and published on the Office website (www.thegef.org/gef/node/2054). Countries are selected based on quantitative criteria, such as the diversity, financial weight and maturity of the portfolio; their status of Least Developing Country (LDC) and/or Small Island Developing State (SIDS); and the coverage from previous evaluations. Qualitative selection criteria include evaluability and synergies with evaluations conducted by the independent evaluation offices of GEF Agencies as well as with thematic subjects on the GEF Council agenda, amongst others. The standard terms of reference for the Country Portfolio Evaluations have also been updated (www.thegef.org/gef/node/2050).

26. The new country selection note foresees the conduct of a new multi-annual CPE cycle encompassing portfolio evaluations in 15 countries sequenced as follows: four CPEs each in the Latin America and the Caribbean (LAC), Asia-Pacific, and Sub-Saharan Africa (SSA) regions, followed by one CPE in the Middle East and North Africa (MENA) region and two in the Europe and Central Asia (ECA) region.

27. The first two country portfolio evaluations will be focused on Nicaragua and a cluster of countries belonging to the Organization of Eastern Caribbean States (OECS), including Antigua and Barbuda, Grenada, Dominica, St. Lucia, St. Vincent and the Grenadines and St. Kitts and Nevis. In addition, efforts are being undertaken to increase the coverage through joint country level evaluation work between the Office and the independent evaluation offices of GEF Agencies where feasible. This joint work will lead to parallel reporting to the GEF Council and the Agency concerned, and will be reduced in scope – special terms of reference will be developed to undertake these country portfolio studies. This fiscal year, the Office is undertaking country portfolio studies in El Salvador and Jamaica, in close coordination with UNDP Evaluation Office.

28. As the GEF-4 country portfolio evaluation cycle has come to an end, a unique opportunity exists for drawing lessons from this experience for the new cycle in GEF-5. This fiscal year the Office will conduct a meta-evaluation of the 11 CPEs completed

during GEF-4 to be included in the Annual Country Portfolio Report to Council in May 2011. Lessons emerging from this meta-analysis effort will contribute to foster knowledge sharing within the GEF partnership and will be integrated in the CPE evaluative work during GEF-5.

Climate Change Adaptation and Climate-Eval

29. The Office is participating actively in discussions regarding monitoring and evaluating of activities aimed at reducing vulnerability and increasing adaptive capacity to climate change impacts. This is partially recognition of the office's leadership role in the international conference two years ago in Alexandria, Egypt on Evaluating Climate Change and Development and the establishment of the community of practice on these topics (www.climate-eval.org). Several of the GEF Agencies, bilateral aid agencies, NGOs and foundations are working on developing M&E frameworks, indicators and guidelines for adaptation activities which could be applicable to the GEF. In addition to discussions, the three adaptation funds linked to the GEF (LDCF, SCCF and Adaptation Fund) are also in the process of the developing M&E frameworks, indicators and guidelines for adaptation activities and have requested the Evaluation Office to provide support, under separate budget arrangements.

30. The GEF provides one of the largest portfolios of activities supporting adaptation to climate change. There is an expectation that lessons from this portfolio should be identified and provided to the development and climate change communities. The SPA evaluation recently completed is one of the examples. Work on the topic of adaptation will be reported to Council through the work program proposed for the thematic evaluations.

31. The community of practice on evaluating climate and development has started with financial support of the governments of Sweden and Switzerland in April 2010, and within a short time has achieved a membership of 400 professionals from more than 80 countries. Work has started on two studies: the first a meta evaluation of mitigation evaluations, of which more than 300 have been gathered in an electronic library, to establish best practices, benchmarks and guidelines, and the second a study on emerging monitoring and evaluation frameworks for adaptation at the local level.

32. The Office so far has depended on external funding to provide support for the global evaluation community on issues that are of core concern to the Office and the GEF: best practices, benchmarks, learning from emerging practices and development of standards and guidelines. It will include a proposal in its next Work Plan to the GEF Council to include a modest amount of co-funding to ensure that this initiative is seen as of key importance to the GEF as well.