



Global Environment Facility

Summary of Document GEF/ME/C.27/1

The GEF Monitoring and Evaluation Policy

Recommended Council Decision

The Council, having reviewed document GEF/ME/C.27/1, *The GEF Monitoring and Evaluation Policy*, decides:

- To approve the Policy subject to incorporation of comments made by Council at this meeting and decisions on the GEF Management Action Record and the interaction between the GEF Office of Monitoring and Evaluation and Council.
- To request the Office of M&E to develop proposals fully reflecting the independence of the Office in the main documents of the GEF such as the Instrument.
- To request the Secretariat, the Implementing and Executing Agencies to implement the strengthened minimum requirements for M&E that have been adopted through this policy.
- That the final version of the Policy will be published as a self standing policy note on the GEF website; the proposed final version will be forwarded to the Council for approval on a no-objection basis before the end of 2005.
- To approve the change of name of the Office of Monitoring and Evaluation to the GEF Evaluation Office.
- That this Policy replaces the Terms of Reference for an independent M&E Unit in GEF/C.21/12/Rev.1.
- To request the GEF Office of Monitoring and Evaluation to develop appropriate guidelines and procedures to implement the Policy.
- To request the GEF Office of Monitoring and Evaluation to continue and formalise its consultative process with M&E partners in the GEF.
- To request the GEF Office of Monitoring and Evaluation to develop a proposal for an M&E training program to be presented to the GEF June 2006 Council, in order to introduce the new policy and minimum requirements for M&E to the appropriate staff.

Executive Summary and cover note

1. Further to the November 2004 Council request, the GEF Policy on Monitoring and Evaluation is presented attached to this cover note for review and approval by the Council. The Policy addresses, among other issues, a new division of labor on M&E, a change in the name of the Office and the promotion of internationally recognized standards for M&E in the GEF.

2. The Policy was developed through a consultative process with the appropriate partners involved in monitoring and evaluation at various levels in the GEF. Based on the GEF Instrument, the GEF Operational Strategy and the Terms of Reference for an Independent Monitoring and Evaluation Unit, the Policy was informed by a series of brainstorming workshops, extensive interaction and meetings with partners, the Norms and Standards for Evaluation in the UN System, the OECD Development Assistance Committee Criteria for Evaluating Development Assistance and the development banks' Evaluation Consultation Group good practice standards for evaluation. The Policy also reflects the experience of other donors and similar agencies in developing evaluation policies.
3. The Policy would become effective upon approval of the GEF Council, and remain valid for the duration of the GEF-4 replenishment period. The minimum requirements will be obligatory for all projects presented to Council from 1 July 2006 onwards.
4. By the nature of the GEF network, this Policy has to cover more than one organization, many of which have their own evaluation policies established by their respective evaluation offices. It is expected to cover monitoring as well; an element which is normally addressed through operational policies. Complexity is added by various levels at which monitoring and evaluation takes place in the GEF- at project, portfolio, country, corporate levels, and by agency and focal area.
5. In June 2005, the Council endorsed a shift in portfolio monitoring responsibilities from the GEF Office of M&E to the GEF Secretariat. The implications for monitoring and evaluation of the recently approved Results Allocation Framework (RAF) are not yet clear. The Policy leaves room for more details on portfolio monitoring and performance management in the context of results-based resource allocation, to be incorporated further to discussions of the operational consequences in the coming months. Further clarity in actual tasks and responsibilities may lead to standards for monitoring at higher portfolio levels.
6. The Policy is derived from past GEF Council discussions and decisions on minimum requirements for monitoring and evaluation, including standards for project M&E plans; performance indicators; data availability; reporting; and project terminal evaluations. For information purposes, Annex A of the Policy contains an overview of how the Policy addresses the Terms of Reference for an Independent M&E Unit. (GEF/C.21/12/Rev.1). Annex B contains an overview of the minimum standards for monitoring and evaluation as adopted in the TOR and how these relate to the minimum requirements in the Policy. Once the final version of the Policy is approved, it will be issued as a stand-alone document, without annexes.
7. Given that the Implementing and Executing Agencies have their own systems of rules and regulations governing monitoring and evaluation of these activities, the Policy does not prescribe norms and standards for them, but contains minimum monitoring and evaluation requirements GEF-funded activities that they implement. For those parts of the GEF for which the Council is directly responsible, i.e. the GEF Secretariat and the Office of Monitoring and Evaluation, evaluation and monitoring norms and standards are proposed. Key principles that reflect professional sound ways of conducting M&E are also included.
8. Monitoring and evaluation form part of systems of oversight and accountability. Whereas it covers development effectiveness and organizational performance, the Policy does not address

aspects of Trustee management of the GEF Trust Fund, financial and managerial audit or investigation mechanisms, which are subject to other regulations of the GEF Instrument.

9. The GEF Policy is expected to facilitate, over time, the enhancement and enforcement of international standards for monitoring and evaluation, and promote synergies that increase efficiency and effectiveness of GEF operations. The consultative process has already led to increased participation of Agency Evaluation Offices in GEF evaluation, both in project evaluation and corporate evaluation. Several GEF Agencies developed or revised their own evaluation policies in parallel with the GEF monitoring and evaluation policy, thus providing an excellent opportunity for increased collaboration.

10. The process has also led to a clearer definition of roles and responsibilities in the system. Within several agencies, responsibilities have shifted to differentiate between management and monitoring, on the one hand and evaluation, conducted independently, on the other. As the lynchpin of the system, the Office conducts independent evaluation. The actual monitoring would be undertaken by the GEF Secretariat and the Agencies coupled with setting norms and supporting oversight of both monitoring and evaluation throughout the system.

11. It is proposed that the words “Monitoring and” be omitted from the name of the Office in order to describe more accurately its core business. This would also bring its name in line with the evaluation offices of other international institutions. Many of these offices have the same responsibilities as regards setting minimum requirements and oversight of M & E systems on the project level, yet do not reflect this in their names.

12. The GEF faces particular challenges in aggregation and attribution of results, at the focal area, strategic priority, operational program or country level. The M&E partners have agreed that future portfolio monitoring would have to look for realistic approaches beyond roll-up of project indicator data. The introduction of the Results Allocation Framework will also have implications for portfolio monitoring which should be incorporated into the GEF Monitoring and Evaluation Policy.

13. By bringing together the various requirements and making them explicit and transparent, the Policy will promote greater incentives for accountability for monitoring and evaluation in the system. The new and strengthened minimum requirements for monitoring and evaluation cover project design, the application of M&E at the project level, and project evaluation. The consultative process has led to new agreements on the quality and independent validation of project evaluation of full-sized projects, while requirements for cost-effective evaluation of medium-sized projects are to be addressed by the Joint Evaluation of the activity cycle and modalities. Until then, the current requirements to undertake MSP evaluations remain in effect.

14. In preparing its next four-year rolling work program, the Office was requested by the Council to “take into account the outcomes of the consultative process, the new policy, and the new division of labor on monitoring and evaluation, which may lead to efficiencies in actual costs”. Thus far, the process has not led to direct cost reduction since the expected efforts for M&E are strengthened. However, some economies of scale are likely though the increase of quality of M&E, value for money and coverage of GEF in evaluation throughout the system. Streamlining of responsibilities for M&E would also, over time, reduce inefficiencies and diseconomies of scale. The Office will report on any budgetary gains or shortfalls in its annual (four year rolling) work plan and budget.

15. Proposals on the Management Action Record and interaction with the GEF Council are presented separately to the Council November 2005 session. These elements will be included in the final version of the Policy depending on Council decisions. Thus the final version of the M&E Policy will be forwarded to Council members for approval on a no-objection basis before the end of 2005.

16. The Policy will be operationalized through additional guidelines and good practice examples on specific subjects, such as operational procedures of the Office, systems for rating of progress and results; use of indicators and baselines and M&E plans; the annual performance review and terminal evaluations. All relevant guidelines will be made available under a policy and procedure resource page of the website of the Office, and developed through the regular consultative M&E mechanisms. The independence of the GEF Office of M&E is not yet fully reflected in the main documents of the GEF such as the Instrument. For example, the Office is not recognized as a separate entity within the GEF.

17. To ensure enhancement of capacities on monitoring and evaluation, the GEF partners have also identified the need for training and support on monitoring and evaluation. This would specifically address the minimum requirements for M&E and norms and standards, and may be targeted to Agency staff, project staff and country stakeholders. Given the range of GEF activities and partners involved, any such training program would have to provide for innovative ways of outreach, maximum use of electronic communication channels and materials, and seizing existing opportunities for interaction with partners. The GEF Office of M&E would be able develop a proposal for an M&E training program for the GEF June 2006 Council.

18. In the implementation of the M&E Policy, the Office will continue to work with the Agencies in the consultative process to identify potential gaps in policy and practice. The consultative process on M&E issues will be formalized through regular consultations to be convened at appropriate moments in the year, for example before or after other evaluation meetings (such as the UN Evaluation Group or the Evaluation Coordination Group of the International Financial Institutions). Optimum use will be made of existing opportunities to meet and discuss M&E issues.

This Policy does not contain the full budgetary requirements to be implemented, since these are not yet known on all levels. The Office of Monitoring and Evaluation is fully funded by the Council through the annual discussions of its budget and (four year rolling) work plan. The GEF Secretariat also discusses its budget and work plan annually with Council. The Implementing and Executing Agencies pay for M & E issues out of the corporate budget (for Implementing Agencies) and project fees and/or allocations (for both). Neither the corporate budget nor the project allocations/fee contain specific references to what should or could be spent on M&E. In some cases, the Policy and its minimum requirements may represent additionalities to the Agency's own systems and practices with organizational or financial consequences. These may be brought to the attention of the GEF Council through the appropriate channels.