

OPS6: Sixth Comprehensive Evaluation of the GEF



The GEF occupies a unique niche in global environmental financing. OPS6 assesses the extent to which it is achieving its objectives and identifies improvements going forward.

BACKGROUND

The seventh replenishment of the GEF is taking place in an international context wherein the global environment continues on a downward trend. Further, the international environmental architecture of conventions, funds, programs, and donors continues to show increasing fragmentation, making it more difficult to coordinate and harmonize funding for the implementation of environmental activities globally. New institutions with similar mandates to the GEF such as the Green Climate Fund (GCF) and the Climate Investment Funds (CIF) have become key funders of climate activities. Traditional development partners such as the World Bank and the regional development banks have continued to focus on the funding of sustainable development initiatives; more recently, the two new multilateral development banks, the Asian Infrastructure Development Bank and the New Development Bank, provide an opportunity for mainstreaming global environmental benefits.

The Sustainable Development Goals (SDGs) and the Paris climate negotiations will certainly have roll-on effects as well as provide opportunities for the GEF.

KEY FINDINGS

RELEVANCE

Against this backdrop, the GEF occupies a unique space in the global financing architecture. The GEF's comparative advantage derives primarily from its mandate as the financial mechanism for a number of conventions including the Convention on Biological Diversity (CBD), the United Nations Framework Convention on Climate Change (UNFCCC), the Stockholm Convention on Persistent Organic Pollutants, the United Nations Convention to Combat Desertification (UNCCD), and the Minamata Convention on Mercury. The GEF also funds projects in international waters and sustainable forest management.

Evaluations of the focal areas clearly demonstrate the evolution and

PURPOSE AND METHODS: The Sixth Comprehensive Evaluation of the Global Environment Facility (OPS6) was undertaken to provide solid evaluative evidence to inform negotiations for GEF-7. OPS6 covers all Global Environment Facility (GEF) countries and is based on evidence from a wide array of sources, including project terminal evaluations, surveys of stakeholders and beneficiaries, field validations and case studies, meta-analysis of evaluations, and geographic information system (GIS) data. A variety of qualitative and quantitative evaluation methods, along with broad engagement with stakeholders, have been applied to validate these findings.

WEB PAGE: www.gefio.org/ops/ops-6

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ABOUT US: The Independent Evaluation Office (IEO) of the GEF has a central role in ensuring the independent evaluation function within the GEF. www.gefio.org

adaptation of the focal area strategies to ensure high relevance to the conventions. Across the partnership, there is a high degree of commitment to ensuring that the GEF remains true to this mandate, while at the same time encouraging innovation in the pursuit of global environmental benefits. This, along with the spread of the GEF across countries and sectors, distinguishes the GEF from other funding/financial mechanisms. The Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF) are also highly relevant to convention guidelines. While relevant, GEF responsiveness to the conventions remains an area for improvement, according to staff in the convention secretariats.

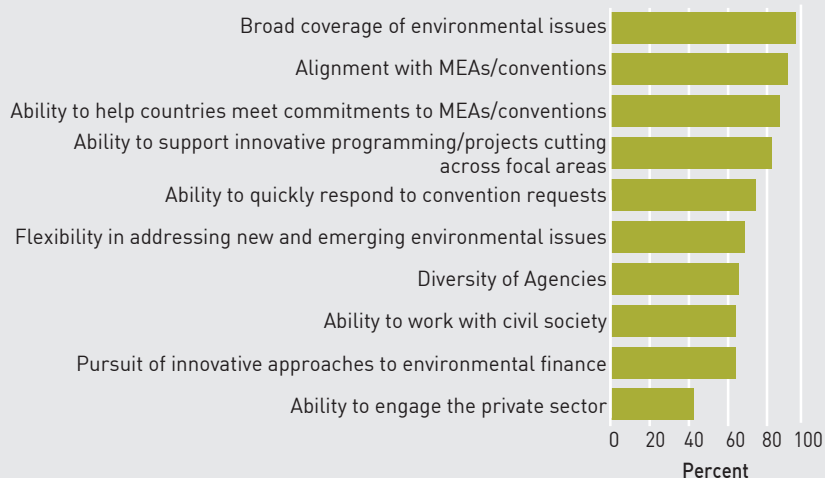
Comparative advantage of the GEF.

Based on responses from a broad range of stakeholders, the GEF's comparative advantage lies in its broad coverage of environmental issues, alignment with the multilateral agreements (figure 1).

Evolution toward an integrated approach to addressing drivers of environmental degradation. The GEF is geographically and thematically comprehensive in coverage. Virtually all developing and transition countries are eligible for GEF projects, and the GEF supports projects in a variety of focal areas (figures 2 and 3). There is little donor funding outside the GEF for biodiversity and chemicals and waste, and the GEF is the only funder of regional cooperation for transboundary international waters.

There is much support across the GEF partnership for the GEF 2020 focus on addressing the drivers of environmental degradation and the integrative principle underpinning the integrated approach pilots (IAPs) developed in GEF-6. However, conventions, Agencies, and national partners express some concern about the proposed impact programs, seeking to ensure that they a priori favor countries' ability to make progress on their global environmental commitments while also addressing deep-rooted underlying factors.

FIGURE 1: The GEF's comparative advantage



NOTE: Responses represent the degree to which GEF stakeholders across the partnership agree/strongly agree that the GEF's comparative advantage stems from each statement.

PERFORMANCE AND IMPACT

Continued good performance. Seventy-nine percent of 581 projects from the OPS6 cohort have satisfactory outcome and implementation ratings. Projects implemented under programs have higher performance ratings on outcomes and sustainability as compared with stand-alone projects. An increase in program complexity adversely affects efficiency and effectiveness, but these programs perform better in terms of longer-term sustainability. Monitoring and evaluation continues to be an area of relative underperformance in projects and programs.

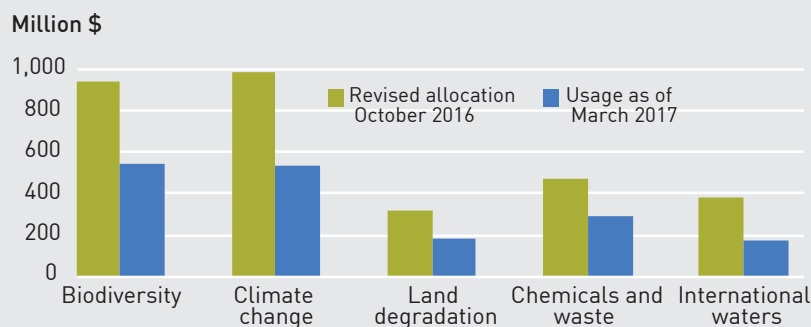
Supporting transformational change. GEF interventions which set out ambitious objectives, have high-quality implementation, establish a self-sustaining mechanism for scale-up and expansion of impacts after completion, and are financially sustainable have resulted in transformational change. Based on survey results, there is widespread support for the GEF to play an important role in experimentation, innovation, and demonstration going forward. However, there are mixed perspectives on the role of the GEF in supporting replication and

scaling-up, given the need for large-scale resources.

Support on policy and regulatory reform. While many factors influence success in the reform agenda, the GEF has had success in influencing the regulatory and policy framework in countries, and its capacity-building and enabling activities have also supported this. There is a growing demand for the GEF to do more in helping countries create a sound regulatory environment and a level playing field to attract more private sector investment.

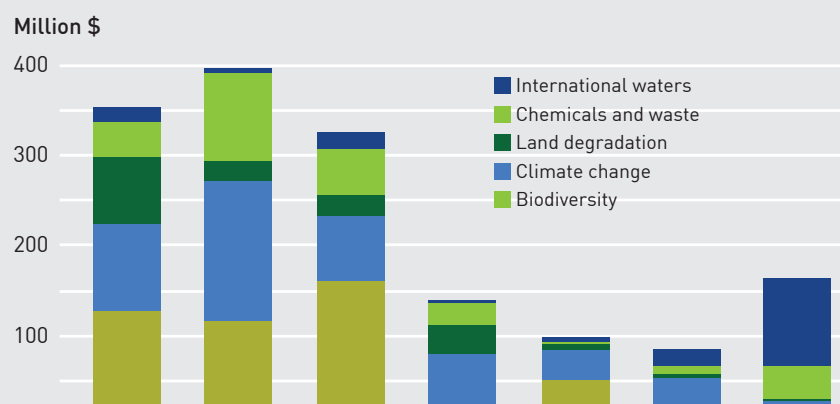
Generating impacts. GEF-supported protected areas in Mexico avoided up to 23 percent forest loss from 2001 to 2012 compared to non-GEF-supported areas. The project on Integrated Land Use Management to Combat Land Degradation in Madhya Pradesh, India, increased the vegetation index by 10 percent over six years. The Small Grants Programme (SGP) has been especially effective in improving livelihoods, empowering women, and combating poverty through community-based initiatives, while securing environmental benefits. The LDCF and SCCF projects have also generated

FIGURE 2: Allocation and use of GEF-6 programming by focal area



SOURCE: GEF PMIS, as of March 8, 2017.

FIGURE 3: GEF focal area funding by region



NOTE: ECA = Eastern Europe and Central Asia. LAC = Latin America and the Caribbean; SIDS = small island developing states.

SOURCE: GEF PMIS, as of March 8, 2017.

catalytic effects through dissemination of new technologies.

Providing value for money. The land degradation and biodiversity focal areas generate environmental and socio-economic benefits that transcend the focal areas. Based on conservative estimates, considering only carbon sequestration benefits, the return on investment for land degradation projects is approximately \$1.08 per dollar invested. In the case of biodiversity, based on carbon sequestration and soil retention benefits, the estimated return is \$1.04 per dollar invested.

Expansion of private sector programs and the nongrant instrument.

Private sector projects, using a mix of instruments, have performed comparably to the overall GEF portfolio and resulted in scaling-up and market change, particularly in the climate change focal area. The nongrant instrument has generated high cofinancing ratios (10:1), is diversifying into biodiversity and land degradation, and has begun to generate reflows. However, equity investments have been challenging, projects have been overly ambitious on targets and estimated reflows, and engaging the private sector in focal areas such as international waters has been challenging. To better engage with the private sector, the GEF will need to address several issues: the

size of project funding, the timing of project cycles that may be mismatched with private sector timelines, awareness of the offerings and capacities of the GEF, and processes/mechanisms by which to attract private sector financing to the different focal areas.

POLICIES AND INSTITUTIONAL ISSUES

Benefits of new policies. The consolidation of the project cycle into one document has been appreciated. The cancellation policy has created incentives for projects to be prepared expeditiously for Chief Executive Officer (CEO) endorsement. The Harmonization Pilot with the World Bank has helped align the World Bank and GEF project cycles, and has reduced the preparation and processing time for proposals.

Improvements in the results-based management (RBM) system. The RBM system has improved since GEF-5 in terms of streamlining the results framework and improved corporate results reporting. However, attention is focused on shorter-term results with little emphasis on longer-term impacts. The Project Management Information System (PMIS) needs to keep up with the evolving needs of the partnership to serve project and program reporting and learning needs. The increased focus on integrated programs will require a review of the RBM system and the tracking tools to meet the requirements of this shift.

Catalyst for safeguard policies. Adoption of the GEF Minimum Standards in 2011 has served as an important catalyst among many GEF Agencies to strengthen existing safeguard policies. However, coverage gaps exist in the GEF Minimum Standards as compared with recently adopted safeguards in Agencies and would benefit from an update. There is also scope for enhanced monitoring and reporting of safeguards to ensure that the GEF is appropriately informed of social and environmental risks in the portfolio.

Knowledge management. Only one-third of survey respondents felt that the GEF has the right mechanisms in place for effective knowledge sharing across the partnership, which limits the GEF's ability to capitalize on new ideas, energy, and diversity stemming from the expanded partnership. The GEF has been taking measures to step up knowledge management and has undertaken a baseline assessment, and developed a strategy and planning guide for knowledge management. The GEF Scientific and Technical Advisory Panel (STAP) has also played a role in building knowledge management in the partnership, and two-thirds of survey respondents felt that the STAP provides high-quality knowledge-based guidance to the GEF.

FINANCING, GOVERNANCE, AND HEALTH OF THE PARTNERSHIP

Modest resources to address global environmental issues. GEF respondents across the partnership are concerned both at the modesty of donor funding and the overall shrinking of donor commitments in an increasingly competitive environment. The overall shortage of funding has been affected by the increased number of GEF Agencies, and meeting more convention requirements. Overall, donors have mostly delivered on their financial commitments to the GEF, as promised, and on time. However, foreign exchange volatility has resulted in a shortfall, adversely affecting projects.

Cofinancing commitments consistent with policy. The GEF has initiated a cofinancing policy intent on maximizing its mobilization of financial and other resources. The new policy has maintained an aspirational ratio of 6:1 cofinancing overall for the GEF portfolio. Cofinancing commitments have fully materialized for 62 percent of

completed projects, and on average, the reported realized cofinancing has exceeded promised cofinancing.

The STAR would benefit from a revisit. The STAR provides some GEF resources to all countries, resulting in increased country ownership, enhanced transparency in resource allocation, and improved project preparation. However, it has discouraged private sector and regional projects. It would be useful to seek modifications such as allowing more fungibility in utilizing STAR allocations among focal areas, and providing greater encouragement to countries to use their STAR allocations for mutually beneficial regional projects.

The expansion of the partnership has provided access to new capacities and networks. The expansion in the number—and diversity—of Agencies from 10 to 18 is generally viewed as positive, drawing in new ideas and capacity and capitalizing on Agency comparative strengths through synergies. However, the STAR and the small scale of GEF resources allocated to many countries have contributed to a competitive culture among Agencies. In addition, there has been an increase in transaction costs related to the management of an increasingly complex partnership. Overall, the GEF partnership is perceived to be effective.

The health of the partnership has improved. Overall, there have been some improvements in the health of the partnership since OPS5—health being defined as “the extent to which the structure of the partnership and the quality and relevance of interactions between the partners enable the GEF partnership to effectively and efficiently deliver global environmental benefits through its support.” The expansion of the partnership

has resulted in increased potential. The IAPs are, to some extent, facilitating cooperation and synergies based on Agency comparative advantage. Partners have also noted that greater transparency in programming decisions, project review and selection, and the initial preparation of future IAPs would be useful. The STAP continues to play an important role in reviewing projects, and stakeholders pointed to an opportunity for the STAP to play a unifying role in the partnership in building stronger relations with scientific and technical counterparts. The GEF–Civil Society Organization Network continues to be relevant and is delivering results. It is currently in the process of redefining its vision and strengthening its governance. Overall, 70 percent of survey respondents stated that the GEF is effectively governed; a similar percentage reported that the GEF Secretariat provided appropriate strategic leadership.

RECOMMENDATIONS

- Build on the GEF's strategic position in addressing drivers of environmental degradation
- Promote transformational change
- Continue focusing on integration based on additionality
- Improve financial management
- Adapt the private-sector strategy to engage the sector more broadly than as a source of financing
- Promote gender equality
- Review and revise safeguard policies and rules of engagement with indigenous peoples to close gaps against good practices
- Strengthen operational governance across the partnership
- Improve systems for data, monitoring, and knowledge ■

