

Annex 2 – Approach and Methodology

Overview

1. The methodological approach per chapter and issue evaluated in OPS4 has been developed through approach papers, guidelines and handbooks that have been published on the OPS4 website (which can be reached through the GEFEO website at www.gefeo.org), including protocols for stakeholder consultations. Information in this annex provides some specific information related to the evidence presented in the main report. The following technical documents, methodological papers, protocols and surveys have been or will be published on the website:

Technical documents	
1	Portfolio Overview of the GEF
2	Future Role of Ozone Depleting Substances - Touchdown
3	Energy Conservation and GHG Emissions Reduction in Chinese Township and Village Enterprises (TVEs) - NCSTE
4	Catalytic Role of EBRD project in Slovenia - EBRD Evaluation Office/Baastel
5	Governance of the GEF - Carlos Pérez del Castillo
6	Peer Review of the GEF Evaluation Function
7	Monitoring and Evaluation Review - ICF International
8	Resource Mobilization and Management - John Markie
9	Gender Issues in the GEF - Thelma Awori
10	Stakeholder Consultation Matrix of Findings
11	Comparison of ROTI to APR ratings

Methodological papers	
1	Terms of Reference (full text)
2	ROTI Handbook - GEF Evaluation Office and CDC
3	Assessment of Quality at Entry of M&E
4	Assessment of Time Lags in PIF Clearance
5	Assessment of cofinancing
6	Assessment of quality of supervision
7	Approach to Management Action Records
8	Approach to Project Classification
9	Approach to Terminal Evaluation Review
10	Approach to Learning & Science in the GEF
11	Country Case Studies & Field Visits Terms of Reference
12	Country Case Studies Selection Note
13	Stakeholder Consultations Approach Paper
14	Protocol for interaction with GEF Agencies

15	Protocol for interaction with GEF Focal Points
16	Protocol for interaction with representatives of international NGOs
17	Protocol for interaction with representatives of national NGOs
18	Protocol for interaction with representatives of donor countries

Surveys	
1	General
2	Monitoring and Evaluation
3	Governance
4	Civil Society Organizations participating in subregional meetings

Reference documents	
1	List of GEF Evaluation Office publications
2	Bibliography
3	List of OPS4 cohort of finished projects

Donor Performance – Chapter 2.2

2. OPS4 identified four indicators that would enable a comparison of donor performance. The first indicator is whether countries have fulfilled their pledges to the GEF. Arrears remain a problem for the GEF, principally because the United States had, as of June 2009, major outstanding arrears dating back to GEF-2 and GEF-3 (\$167 million). Several other donors to the GEF have deferred their contributions, with reference to the burden-sharing formula and as a lever to get arrears paid. Italy also had not deposited its Instrument of Commitment or made any contributions for GEF4. In total, arrears that have been outstanding for some time, deferred contributions, and unfulfilled pledges as of June 2009 amounted to some 18 percent of the resources originally projected for GEF4. There is an incentive to make early payments. The second, third and fourth indicators can be found in a comparison of the share of the donors to the GEF to their share in respectively: the United Nations, the IDA, and core environmental support as reported by the DAC.

3. The scoring system is as follows:

- On timeliness of payments, advance payments score a 1, regular payments a 0, and arrears -1.
- On the other three indicators, donors scored 1 if their share in GEF support was substantially higher (in relative terms) than their share in the United Nations, IDA, or core environment ODA; 0 if their share was more or less the same; and -1 if the share was substantially lower.

4. Data from OECD/DAC have been used and the table of data is to be found in the technical document on Resource Mobilization and Management, published on the OPS4 website.

Convention guidance and relationship with the conventions – Chapter 2.3

5. This part of OPS4 responded to two key questions in the Terms of Reference of OPS4, respectively on responsiveness to guidance (key question 5) and relationships with the conventions (key question 7).

6. Extensive reviews were undertaken of all documents generated during GEF-4 regarding communications between the GEF and the COPs, as well as all the decisions provided by the COPs to the GEF and MOUs between GEF and all the conventions. Furthermore, a meta-evaluation was conducted with all evaluations prepared by GEFO since OPS3. Extensive interviews were conducted with all convention secretariats, as well as the GEF Secretariat and some selected COPs. These interviews were analyzed together with reports from all the consultations conducted during OPS4 with GEF Focal Points and civil society organizations. In addition, all GEF-4 approved PIFs and projects were reviewed to consider their linkages with COP guidance and GEF strategies. The OPS4 general stakeholder survey was considered although only 91 responses were received. OPS3 was used as a baseline and starting point to respond to the key questions 5 and 7 of the OPS4 TORs. In addition, the GEF4 replenishment policy recommendations were also used as baseline for this analysis in OPS4.

Responsiveness to the conventions

7. The following table presents a summary of the approaches and sources of information utilized:

RELEVANCE Questions	Projects (as of July 2009)	GEFO documents since OPS3	Documents from and in between: GEFSEC, Council, Conventions	Interviews	Survey
Responsiveness to Conventions	<ul style="list-style-type: none"> • All GEF4 approved projects (301): BD: 102; CC: 88; LD: 13; POPs: 45; MF: 53 • All GEF4 PIFs (170): BD: 87; CC: 37; LD: 17; POPs: 9; MF: 20 • For LDCE, SCCF, SPA: all GEF projects (GEF3 - GEF4) 	<ul style="list-style-type: none"> • Biosafety, • RAF MTR, • LBS, • JE, • CPES • OPS4 Country Case Studies 	<ul style="list-style-type: none"> • GEFSEC Reports to Council • GEF Reports to COPs • Convention statements in Council Meetings • MoUs between GEF and Conventions • GEF4 Replenishment Negotiations 	<ul style="list-style-type: none"> • GEFSEC • Convention Secretariats • Convention Focal Points 	<ul style="list-style-type: none"> • General stakeholder perceptions (91 respondents: 7 Council, 41 government/Focal Points; 32 Agencies)

8. The assessment included the following steps:

- Guidance from COPs was “mapped” to GEF 4 strategies, per focal areas;
- Project objectives were “mapped” to GEF4 strategies per focal areas;
- Qualitative analysis coming from interviews, stakeholder consultations and surveys;

9. Several challenges had to be faced: much of the guidance is not focused, but very broad (i.e., support capacity building or the entire CBD protected areas work program); GEF-4 strategies may

respond to several guidance; the assessment requires to review each project objective and component (there were 301 projects approved in GEF4 plus 170 PIFs). Other constraints included that the GEF PMIS does not have reliable data regarding GEF strategies. Furthermore, the GEF PMIS does not have a link to COP guidance. For those projects that have respond to multiple strategic objectives and priorities it was not possible to determine how much money has been allocated for each strategy.

Relationships between GEF and Conventions

10. The following table presents a summary of the approaches and sources of information utilized.

RELEVANCE Questions	Projects (as of July 2009)	GEFEO documents since OPS3	Documents from and in between: GEFSEC, Council, Conventions	Interviews	Survey
Feedback to conventions	No project reviews	None applicable	<ul style="list-style-type: none"> • Convention Secretariats to Council; • Council to COPs; • GEF Secretariat to Council; • Council to conventions • MOUs 	<ul style="list-style-type: none"> • GEFSEC • Convention Secretariats 	Not applicable

11. OPS3 (including the program studies prepared by GEFEO) were used as baseline information on which the OPS4 analysis was built on. In addition, the GEF4 replenishment negotiations recommendations were also used as baseline for this analysis in OPS4.

Relevance to national priorities – Chapter 2.5

12. This question was assessed using information gathered through the OPS4 propose as well as GEFEO evaluations conducted since OPS3, in particularly country portfolio evaluations. In addition, the team reviewed all projects and PIFs approved during GEF4 to assess their links to national priorities. Finally, the OPS4 survey was used but in limited occasions because of the low levels of responses.

13. The following table presents a summary of the approaches and sources of information utilized.

RELEVANCE Questions	Projects (as of July 2009)	GEFEO documents since OPS3	Documents from and in between: GEFSEC, Council, Conventions	Interviews	Survey
Relevance to national priorities	All GEF4 approved projects (BD: 102, CC: 88, LD: 13, POPs: 45, MF: 53) and PIFs (BD: 87, CC:37, LD: 17, POPs: 9, MF: 20)	Review of Biosafety, RAF MTR, LBS, JE, CPEs	<ul style="list-style-type: none"> Review 	<ul style="list-style-type: none"> GEF Focal Points Civil Society Organizations Conventions GEF Secretariat 	General stakeholder perceptions: 91 respondents (7 Council, 41 government/Focal Point; 32 Agencies)

14. The GEF relevance to national priorities was measured in two ways:

- GEF supports the development of national priorities (ie, funding for enabling activities; prioritization and inventories exercises, etc.)
- GEF supports the implementation of already established national priorities (ie, protected areas, energy efficiency, etc.)

15. Country ownership is defined in terms of the extent to which the GEF support is embedded within the national or local priorities.

Methodology of the classification of GEF projects according to catalytic category – Chapter 2.4

16. Based on an exploratory assessment three broad categories were identified for classifying the projects. These are:

- **“Foundational” and Enabling Activities:** the projects classified in this category include activities that develop a basis on which an environmental issue that is relevant to the GEF mandate may be addressed in future. It includes – but is not restricted to – overlapping activities such as an assistance in defining the environmental issue of concern more clearly¹; building the knowledge base on environmental status²; awareness and capacity building of the key decision makers at the national, regional or global level; planning for addressing the issue and identifying actions that need to be undertaken³; monitoring changes in the status of the problem⁴; and establishing national or regional decision making structures that will facilitate in addressing the issue.

¹ For example: Transboundary Diagnostic Analysis, The Millennium **Ecosystem** Assessment, etc

² For example: The Millennium **Ecosystem** Assessment, and other research studies supported by the GEF.

³ For example: Transboundary Diagnostic Analysis – Strategic Action Program, National Implementation Plan, Management Plans for Protected Areas, etc

⁴ For example: Surveys for monitoring status of the ecosystem/water body or establishing baseline for it.

- **Demonstration, piloting, innovation and market barrier removal:** The projects classified in this category include activities that involve implementation of an approach that has potential to be adopted or replicated at a larger scale; awareness and capacity building of institutions that have a mandate to address the issue of concern; projects that intend to develop innovative technologies; and those that intend to remove barriers and or mainstream an approach. The small grants program (SGP) related GEF funding will fall in this category.
- **Investment and national scale implementation:** the projects included in this category include activities that intend to upscale and/or replicate a preferred approach to addressing the issue of concern. These may also include relatively large scale one time investments that may not have high potential for replication but may be justified based on the direct benefits that are anticipated from the activities undertaken by the project and/or activities that directly address an issue of a concern and are implemented at a national, regional or global scale.

17. Tracking the level of investment made to pursue these different strategic objectives is important because it will help GEF to monitor its project portfolio from this perspective. So far PMIS, the GEF project database, does not do so. As part of OPS4, the Evaluation Office classified the projects listed in the PMIS based on the strategic objectives that were pursued through the supported projects.

18. The assessment used the PMIS dataset downloaded on June 15th 2009 as a basis for classification. In all 2291 of the projects that GEF had approved since its inception were classified⁵. The team that undertook the classification exercise comprised of the Evaluation Office staff. To classify the projects, the title of a listed project was assessed to determine whether it gave sufficient clues about the category to which it belongs and the nature of activities undertaken. When a project's title provided sufficient clues, then the reviewers assigned the project to one of the three categories. When such clues were not sufficient, the reviewers perused the project description and then used this additional information to classify the project. However, if it was still not possible to classify, then the project category was reported as "Unable to Assess". The projects approved as Enabling Activities, were automatically categorized as "foundational and enabling activities".

19. One of the difficulties faced by the reviewers was that the classification categories are not mutually exclusive. Some projects have elements that pertain to more than one category. In such instances the reviewers took stock of proportion of funding for activities related to different categories and classified the project in a category for which relatively greater funding had been provided.

20. Another constraint that made classification difficult was that a project which appears to be an "investment" at the local level may be categorized as a "demonstration" project if were to be looked at from a national, regional, or global perspective. For example, a project that involves activities that significantly solve the land degradation problems at local level may make it appear as an investment at the local level. However, at a national level, when such approaches have not been tried in other places, it will constitute a demonstration activity. To resolve such problems, the reviewers assessed the scope of a project from a regional or global perspective for regional or global projects, and for the remainder from a national perspective.

⁵ Total number of approved projects in the GEF portfolio, as on July 1st 2009, is 2389. The dataset based on which this review was conducted was downloaded on June 15th 2009 and it includes 2291 projects. Thus, 98 projects that had been approved by the GEF by July 1st 2009 have not been reviewed.

21. To assess patterns across groups of countries such as fragile states, LDCs, SIDS, land locked countries, lists for such countries published by UNDP (LDC, SIDS and land locked countries) and World Bank (fragile states) was incorporated in the dataset prepared for this assessment.

Results Section Methodology, including an overview of Outcomes to Impact (ROtI) Methodology – Section 3

22. The Result Section of OPS4 presents evidence of the three basic levels of results in the GEF portfolio: outputs, outcomes and impacts. The most complex results area is that of impacts, which the OECD DAC Working Group on Evaluation has defined as: “Positive and negative, primary and secondary long-term effects produced by development intervention, directly or indirectly, intended or unintended.” The “review of outcomes to impact” methodology has been used to assess progress toward impact. The handbook of this methodology is found on the OPS4 website. This annex contains specific information regarding the focal areas.

23. This annex contains a “theory of change” model for the International Waters focal area, because this model is very clear on the catalytic roles of the foundation, demonstration and investment activities of the GEF and how they could ideally follow each other in time. It should be recognized that in practice no such rigid division between phases can be found, as foundational activities often include demonstration or even investment components, and similar mixes can be found in other phases.

24. **Climate Change** specific methodological issues:

- A meta-evaluation provided an overview of result and impact achievements, in the GEF and its agencies, building on APRs, GEF EO Evaluations, as well as Evaluation and Studies from the GEF Agencies. It builds on over thirty key evaluation documents and also investigates the key barriers and success factors that influence result achievement based on evaluative evidence.
- Fifty-one desk ROtIs were completed for the climate change focal area, building on the TER cohort selected as a basis for OPS4. This cohort included: 3 enabling activities (2 targeted research, 1 National adaptation Plan of Action/National Communications), 23 energy efficiency projects (7 product/market, 8 productive use, 7 public service), 20 renewable energy (4 product/market, 12 productive use, 3 rural, 1 urban), 6 other (2 financial instrument/Energy Service Company, 1 geothermal, 1 alternative transport, 2 carbon capture/sequestration), 2 cancelled (with TEs). In addition, for the purpose of completing desk ROtIs, one regional project is split into the two countries. One project was missing an Implementation Completion Report and could not be evaluated.
- These two types of data were complemented by expected and, whenever possible, actual data for GHG emissions and project costs. These estimations are based on project documents, terminal evaluations and actual financing data. The calculations methodology is consistent with the methodology used for the Third Overall Performance Study, which has been improved upon with more precise financing estimations, and also further developed in cooperation with the GEF Secretariat to generate more accurate proxies for expected emissions reductions.

25. **Biodiversity** specific methodological issues:

- A meta-evaluation provided an overview of result and impact achievements, in the GEF and its agencies, building on APRs, GEF EO Evaluations, as well as Evaluation and Studies from the GEF Agencies.
- ROTI desk reviews were conducted for a cohort of 116 biodiversity projects, identified as ALL biodiversity projects for which a terminal evaluation was submitted in the period covered by OPS4. It is not a sample of projects and therefore no issues related to sampling bias arise. Of this cohort, 16 projects had to be excluded from the final analysis for various reasons. Data were insufficient to develop ratings for two projects; three projects had been cancelled and a terminal evaluation was not available; one project was not rated due to being field ROTId; one project was excluded as an umbrella modality to which the ROTI methodology was not readily applicable (Critical Ecosystems Partnership Fund); three “projects” proved to be initial phases of longer-term programs’ which could better be analyzed at a later stage. Six additional projects were research/targeted research projects for which impact linkages are highly indirect.
- Thus ratings for a final set of 100 projects were analyzed. This represents a major new set of data (based on field-based final evaluations conducted by GEF implementing agencies) on results for the GEF’s biodiversity portfolio over the past four years, which complements several other sources of data on results.
- Although this cohort appears to be a small portion of the GEF’s overall biodiversity portfolio, other projects have either been completed and reported on in earlier Overall Performance Studies or have not yet finished and thus are not available for results analysis (and will be covered by subsequent Overall Performance Studies). The cohort is therefore total coverage of projects available for study under OPS4.

26. **International Waters** specific issues: the cohort of 23 terminal evaluations is smaller than that of the two other main focal areas, which may affect the validity of the findings. For this reason, no percentages are presented. Additional evidence has been obtained from a limited review of additional project documentation, as well as two more extended case studies looking at the Danube/Black Sea catchment basin, and the South China Sea. The limited evidence base poses some limitations on the conclusions.

27. All 23 of the completed IW projects during GEF-4 cohort have been analyzed. The 23 are reflective of the portfolio at large, although there are some imbalances. The breakdown across operating programmes is fairly reflective of the portfolio. There is an over-representation of full size projects, with only four medium size projects in the cohort. There is an over-representation of GEF-2 projects, although this is logical as the time required to complete IW FSPs logically places their completion in GEF4. There is an overbalance of projects from the Europe and Central Asia region (10), and less from Asia (2) than would be representative of the portfolio as a whole. The breakdown across implementing agencies over-represents UNEP (7 projects) while the World Bank (5 projects) is underrepresented relative to the full IW portfolio..

28. On the following page, a generic “Theory of Change” for IW catchment projects is illustrated. This theory of change is perhaps the best illustration available in the GEF for its catalytic role through foundation, demonstration and investment. They are represented in three phases. It is important to recognize that these do not represent a linear progression. Due to the nature of the project development cycle and desires of participating countries to include an array of achievements, the foundational projects can include demonstrations, and there are already efforts on-going at earlier stages to build funding partnerships for investments. In fact, no basins have exhibited a clear-cut linear

progression from foundational to demonstration and then investment phases. Nevertheless, the sequence is useful to consider, as it suggests the general trends in support provided to countries within specific catchments. Due to the fact that the other focal areas follow guidance on foundation activities (especially climate change and biodiversity), the theories of change in the other focal areas are less pronounced on the role of foundational and enabling activities in their strategies.

Comparison of Terminal Evaluation Review and ROTI Ratings on Outcomes and Sustainability / Intermediary States – Section 3

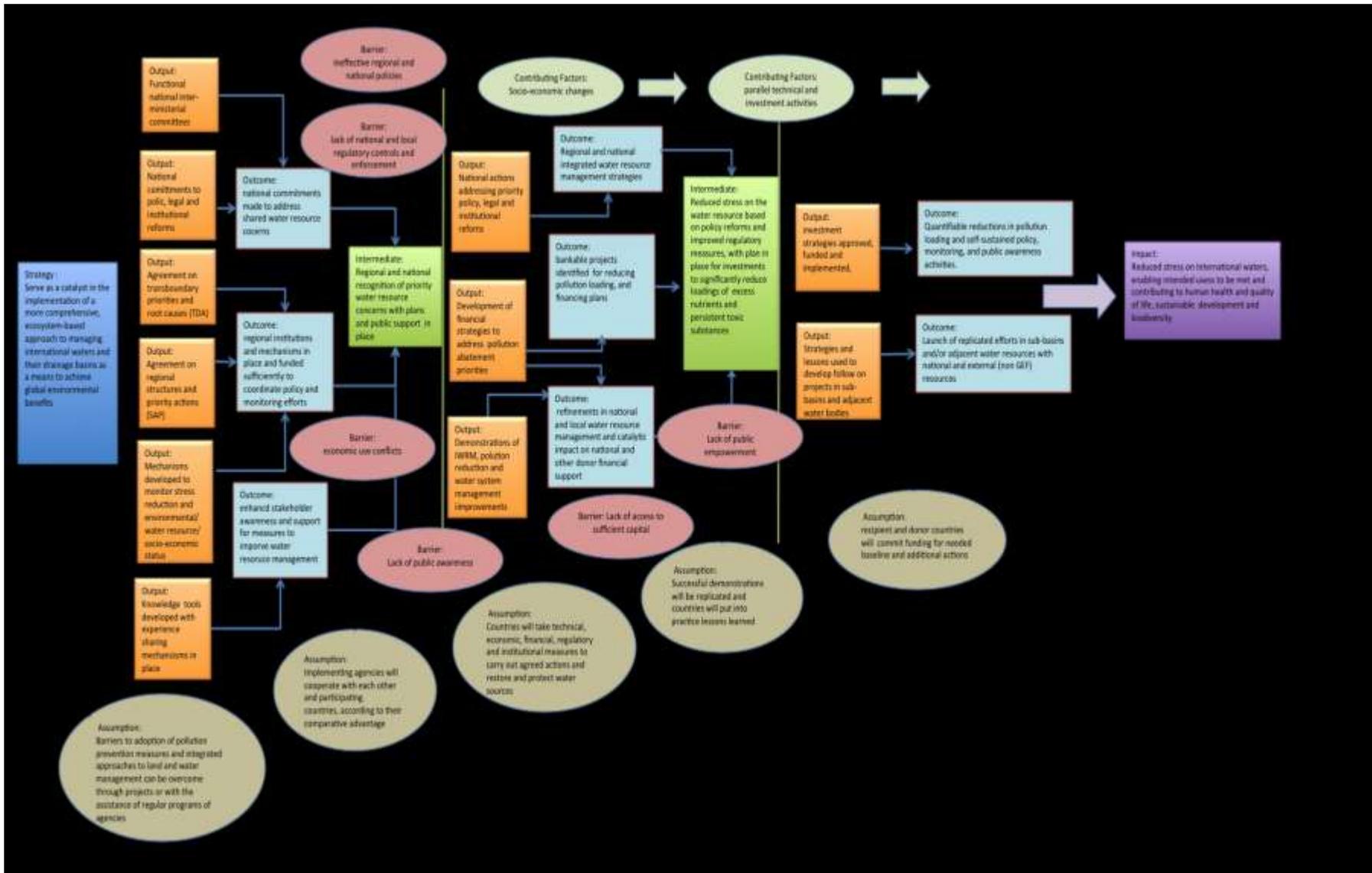
29. The Terminal Evaluation Review outcome ratings were compared with the ROTI outcome ratings, and TER sustainability ratings were compared with the ROTI 'intermediary states' rating. A technical document containing this comparison can be found on the OPS4 website.

Methodologies of the Performance chapter (4.1)

30. The GEF Evaluation Office has reported on performance to the GEF Council annually. The development of methodologies can be followed through the Annual Performance Reports, which contain a methodology section. The specific approaches used for OPS4 have been published on the GEFEO website.

Methodological approach to learning – Chapter 4.2

31. The approach paper on inclusion of science and technology in projects can be found on the OPS4 website.



Methodology of Cost Comparison Study – Chapter 4.3

32. The cost comparison comprises five case studies, based on documents available on the websites of the organizations reviewed and some telephone and email correspondence. The documents included annual reports, work plans and budgets and evaluation studies and audits. In addition the consultant scanned the (relatively scanty) literature on the topic of the cost efficiency of granting agencies. This scan included a review of the methodologies that have been used in the past to make costs comparisons. The documents in the general literature that were consulted included:

- Small grants program joint evaluation by the GEF Evaluation Office and UNDP.
- Three World Bank studies of its cost-effectiveness.⁶
- A Government of Canada study of the relative cost-effectiveness of four multilateral development banks.
- A cost-comparison Guideline of the US Government (describing procedures to be followed in comparing the costs of delivering the same service or similar services through different channels – a government department or contracted out to a private firm, for example).
- Some published literature, including the following. William Easterly and Tobias Pfitze (Spring 2008) “Where does the Money Go? Best and Worst Practices in Foreign Aid”. *Journal of Economic Perspectives*. Vol. 22 Number 2.
- Some other pertinent literature has been noted but not yet reviewed.⁷

33. The following evaluation questions guided the study.

- What are the objectives of the five organizations (including the GEF), and how might differences in objectives influence costs?
- What is the scale of operations of each organization and how might that influence costs?
- What is the relative complexity of operations for each organization (including the degree that it takes responsibility for final results) and how might this affect costs?
- What are the program delivery modes used by the organizations and how might they influence costs?
- What are the ‘cost profiles’ of the five organizations? In particular what has been the experience of each organization in regard to its “efficiency ratio” defined as the ratio of “internal expenses” (administrative costs, with and without financing charges, + program delivery costs) to total expenses?⁸
- How does the GEF compare in general with ‘best costs practices’ among the comparison organizations?

34. The study identified eight factors that appear to affect the administrative/delivery costs of granting agencies:

1. An organization’s mandate and reach.
2. Types of services.
 - Project vs. program-based activities.
 - Capacity-building and technical assistance.

⁶ World Bank (2005). *The Costs and Benefits of Bank Decentralization: A Review of Qualitative and Quantitative Data, FY01-04*. World Bank (1997). *Cost-Effectiveness Review*. Washington DC. World Bank (2005). *Organizational Effectiveness Task Force*. Washington DC.

⁷ Archarya, A. et al (2004) “Proliferation and Fragmentation: Transaction Costs and the Value of Aid”. *Journal of Development Studies* 42(1):1-21; Martins, B. et al (2002) “The Institutional Economics of Foreign Aid”, Cambridge University Press; Roodman, D. (2006) *An Index of Donor Performance*. Centre for Global Development. Working Paper 67.

⁸ In some instances we found an organization expressing the “efficiency ratio” by using program expenditures rather than total expenditures as the denominator. Either approach will rank organizations in exactly the same order so it does not matter which is used as long as one is used consistently for all comparisons.

- Country presence.
- 3. Scale of operations.
 - Efficiency ratios of organizations of similar sizes.
 - Economies of scale.
 - Grant productivity related to staff.
 - Average grant size and delivery costs.
- 4. Being marginal to a larger project.
- 5. Efficiency of delivery systems and practices.
- 6. Efficiency of delivery systems and practices.
- 7. Mode of financing.
- 8. Administrative/delivery costs may be decreased by a pay-by-results approach.

Governance Review – Chapter 5

35. The analytical framework which guided the governance review was based on the following information sources: the GEF Instrument; Council documents and Reports of Council sessions; GEF Annual Performance Reports 2005, 2006 and 2007; OPS3: Progressing Toward Environmental Results; GEF Evaluation Office Publications (2004 -2008), a selected number of GEF Country Portfolio Evaluations. It also included an extensive bibliography related to best practices in governance as well as governance issues, from several national governments, international organizations, academics, public and private institutes as well as NGO's.

36. Benchmarking of GEF governance to that of other comparable or relevant international organizations was undertaken through comparisons to: the World Bank; International Monetary Fund; International Finance Corporation; Multilateral Investment Guarantee Agency; African Development Bank; Inter-American Development Bank; Asian Development Bank; European Bank for Reconstruction and Development; European Investment Bank; Bank for International Settlements; Consultative Group on International Agricultural Research; United Nations Development Programme; Food and Agriculture Organization; World Health Organization; World Intellectual Property Organization; International Labour Organization; World Trade Organization and Organization for Economic Cooperation and Development.

37. GEF Decisions and guidance from Council decisions was analyzed as reported in the Joint Summary of the Chairs. A desk Review of Follow up of Council Decisions was undertaken, as well as personal interviews conducted on Governance issues with 31 of the 32 Council members and 4 alternates (or designated representatives), as well as with a representative sample of 30 Country Members of all constituencies (GEF Political or Operational Focal Points) not sitting at Council meetings. Furthermore, the CEO, Director and other Senior Staff Members of GEFSEC and GEFEQ were interviewed, as well as Executive Coordinators or their designated representatives of the ten Implementing and Executing Agencies, Heads of the Secretariats of the Conventions (or their designated representatives) and selected distinguished persons related to the organization and other influential stakeholders in GEF activities, including private sector and NGO's.

38. The consultant participated in the June 2009 GEF Council Meeting, as well as the June 2009 CSO Consultation meeting and the second Replenishment Meeting. A specific Governance questionnaire was sent to all GEF Member countries. Qualitative and quantitative data were analyzed using proper analytical tools and techniques.