

Fifth Overall Performance Study

Approach paper Sub-study on funding channels, comparative advantage, resources and donor performance August 27, 2013

Background

The terms of reference of the Fifth Overall Performance Study (OPS5) of the GEF contain key questions that can be brought together into one sub-study for the final report of OPS5.¹ This sub-study focuses on key questions two and three. Key question one raises the issue of trends in global environmental problems and the relevance of the GEF to these problems, whereupon questions two and three focus on the specific added value of the GEF and whether it has sufficient funds to tackle the problems. The questions are as follows:

- (2) Given the emergence of new financing channels that address [global environmental] problems, what is the added value and catalytic role of the GEF as a funding channel?
- (3) Does the GEF have sufficient funding to address the focal area strategies, guidance of the conventions and the needs of recipient countries in a meaningful way? To what extent is the GEF able to mobilize sufficient resources? To what extent do the donors perform as pledged?

These two questions can only be adequately answered if the answer to the first question is available. However, the sub-study can and should aim to provide a basis of evaluative evidence which will provide the foundation for these answers. This approach paper is therefore more concerned with ensuring that such a foundation is built, than with providing the answers to these questions. On several issues as identified below some partial analysis and judgments is possible and should be undertaken as well.

Methodological considerations

Benchmarking and comparing international organizations against each other is a difficult subject. A recent survey of comprehensive evaluations of international organizations revealed that almost all of these evaluations failed in providing evaluative evidence that would help identify whether that organization would have “added value” or would be more cost-effective or efficient than others in tackling specific global problems. Resources on this issue, as well as on-going discussions, can be found at www.cepke.net.

Although comparative perspectives on the roles of donors and international organizations have been promoted since the Paris Declaration, no international agreement or consensus has emerged on benchmarks, indicators and agreed upon methods and tools to evaluate them. The second phase evaluation of the Paris Declaration has discussed the status and usefulness of several

¹ The TORs and budget for OPS5 can be downloaded from <http://www.thegef.org/gef/OPS5>

potential indicators and concluded that many of them are not very helpful or useful.² However, building blocks can be assembled of elements that can lead to an assessment of the situation.

The Fourth Overall Performance Study (OPS4) provided some of these elements. The Full Report of OPS4 (available on the GEFEO website at <http://www.thegef.org/gef/OPS4>) contains building blocks that should be established again for OPS5. These building blocks are discussed below. Furthermore, technical document TD8 of OPS4 on resource mobilization and management of resources contains the background data and information on this part of OPS4 (available at the same GEFEO website).

Limitations

Given the lack of benchmarks and comparable evaluation findings, the answer to questions 2 and 3 will be derived empirically from a comprehensive analysis of the factual data on resource flows, their timing, and evaluative evidence concerning comparative advantages of funding channels and so on. Especially for the second question (on whether the GEF has sufficient funding to achieve its objectives) the link to the results based management sub-study is very important. The available evaluative evidence on the GEF theory of change, on impact and on the performance of the portfolio will also be taken into account, as well as evaluative evidence on other funding channels, where available.

As has been done in OPS4, the answers to the questions will be presented together with the data; in other words, the empirical evidence that supports the findings and conclusions will be put up front, so that it can be taken up in the replenishment discussion on these issues. The data also have limitations which need to be taken into account and which are discussed in each section.

Using the sub-study findings to answer questions 2 and 3

The analysis will take each element as part of a larger analytical framework which is at a higher level than the sub-study, which will take into account relevant findings of other sub-studies, evaluations and documentation. The following elements are especially important:

- On the added value of GEF: the composite picture emerging out of OPS5 on the GEF and out of evaluations and other documentation regarding other funding channels;
- On the catalytic role of the GEF: the composite picture emerging out of impact, country level and thematic findings, starting with the first report of OPS5 but including evaluative findings gathered since then, as well as relevant information regarding other funding channels;
- On the sufficiency of resources in GEF-6: the composite picture emerging out of the resource mobilization efforts for GEF-6, as well as the sub-studies on RBM, trends in donor funding, trends in aid on the environment;
- On the guidance of the conventions and needs of developing countries: the sub-study on relevance and convention guidance as well as the increasing number of research results on quantified needs of developing countries, as published by the World Bank and research institutes.
- On resource mobilization and donor performance: relevant documentation and information on other replenishments as becoming available.

² See <http://pd-website.inforce.dk/content/content-en.html>, technical annex.

Trends in donor funding

OPS4 reported on total ODA disbursements for the period 1991-2008. OPS5 will validate this, and present an extension to 2011. The assembly of this data should be undertaken through the OECD database on development aid, given the fact that almost all support to the GEF is identified as ODA by the respective donors. The data should be divided out in OECD-donor related data and data on non-OECD donors. Additional sources on the last category may exist, as transparency in funding is championed by several websites and organizations, and assessments of non-OECD funding may be available with various degrees of reliability. The data series does not reflect the current downturn in OECD ODA which has been reported on by the OECD and this and future prospects will be referenced separately.

This information should be made available in the form of a spreadsheet, so that data can be further explored. Secondly, the reliability and verifiability of the data needs to be written up in an accompanying note, so that OPS5 can take all limitations into account. If OECD/DAC has recently evaluated its database, such evaluations would need to be taken into account. Overall trends relevant to the GEF and/or to global environmental funding will be identified.

Trends in Aid for the environment and share of total ODA

Consistent commitment data on funding for the environment is available for OECD-DAC donors for the period 2002-11 (10 years), with data subsets for biodiversity, desertification and climate change mitigation. Data on climate change adaptation commitments are available for 2010-11³. Expenditure data is reported only by sector in the OECD-DAC databases. Using the commitment and expenditure data, the sub-study will provide trend data for the period 2002-11. An initial analysis could accompany this on whether the trends diverge from those noted in OPS4 or whether they are in conformity. Any indication of the balance between climate change adaptation and mitigation from the limited data available will be reported. Wider literature will be examined to see if any initial conclusions on the support of donors for “fast track” climate change funding (as agreed upon in Copenhagen and subsequent COPs of UNFCCC) may be drawn.

Data search will be undertaken and where evidence can be located will be presented with respect to the following wider trends:

- attention to the environment by:
 - bilateral donors outside the OECD-DAC
 - multilateral development banks (IFIs)
 - giving by corporations and corporate foundations
 - giving by private foundations;
- resourcing of environmental NGOs - from:
 - private giving
 - official sources.

GEF replenishments and trends in ODA

OPS4 in its chapter on resource mobilization developed an overview of replenishments of the GEF, related to absolute purchasing power (taking the time of the GEF-1 replenishment as the starting point) and related to trends in overall ODA. OECD multipliers for constant US\$ will be applied to verified data on the GEF-4 replenishment and GEF-5 replenishment.

³ OPS4 reported on the share of environmental funding as a percentage of total ODA through four categories of ODA that were considered to be relevant: core environmental support; water resources management; water supply and sanitation; and other environment-related support.

At the time of OPS4 an attempt was also made to identify how much money was actually kept “reserved” in the main GEF Trust Fund, as well as the management of this money, both for ensuring commitments of the GEF could be met, as well as to invest for income. This effort only partially succeeded.

The Trustee will need to provide the GEF-4 and GEF-5 replenishment data. Following an initial review of all materials currently available from the Trustee and, dependent on timing, those produced for the first Replenishment Meeting, there will be direct dialogue with the Trustee (the replenishments are complicated adding processes of SDRs, equivalents in other currencies, translations into US dollars and adding investment income as well as carry-overs from previous replenishments). This will not be a straight-forward exercise of receiving data from the Trustee, but an interactive one focused on understanding what the data actually represent in terms of obligations and deposits with the Trustee. The interaction with the Trustee should also be aimed at getting more insight into this and if possible, elicit data from the Trustee on the issue of reserves.

The data should be made available to GEFEO in the form of a spreadsheet, with an additional technical note and with some initial findings on the GEF replenishments and trends in ODA.

Other channels for funding

OPS4 contained information on funding of donors of environment related activities of the World Bank, UNDP and UNEP, as well as a first indication of such funding for the other GEF agencies. This information may now be more easily accessible in the case of the World Bank and UNDP, as both have done extensive evaluations of their environment portfolios. Contacts with the evaluation offices of both agencies should ensure that databases on this funding could be started with a relatively high level of reliability. A literature and document review will be needed to go through relevant documentation of the agencies, which could be complemented by interviews with relevant staff of the agencies, where needed. The format by which this should be reported on should depend on the availability of information and what the best way would be to present this.

Donor performance

The Fourth Overall Performance Study contained the findings of an initial study on donor performance, which was based on an overview of several indicators that would identify whether the donor’s contribution to the GEF was in line with its other contributions on similar goals or organizations. First of all this will need a solid basis in the replenishment agreements on what the donor contribution to the GEF has actually been. This will need to be based on data emanating from the Trustee, with special attention for issues like arrears, deferred contributions and other intricacies of the replenishment agreements and the actualization of the agreement.

A second issue on the replenishment agreements and how they are effectuated is the issue of arrears and what this means for the replenishment agreement in general and what it means for other contributions that have been made conditional on this. In this case it is not just the data but also on what this means for funding coming in over time. This information would need to be related to replenishment processes elsewhere. The GEF is not the only fund to be confronted with problems of donors and of pledges that disappear over time. A literature and document review will need to be undertaken to identify what has happened in some other funds. Potentially some ideas could emerge on what could be done in the GEF replenishment to provide incentives to donors to materialize their pledges. Possibilities are to put voting rights on hold, or to

temporarily remove donors from the Council. The data gathering and literature review should focus on:

- Actual funding patterns over time; i.e. how did arrears affect the availability of funding over time;
- Rules and regulations governing arrears and whether any incentives were provided to donors to honor their pledges.

For comparison of donor performance, the following data will need to be gathered:

- Share of the donor in UN core funding, as established by the UN;
- Share of the donor in IDA funding, as established in the last replenishment of IDA;
- Share of ODA of the donor, as established in the ODA database of the OECD;
- Timeliness of payments, as established in documentation of the Trustee.

This part of the sub-study will first establish the databases and find the data to fill the cells, but then establish an iterative process of interacting with the OPS5 team in Washington to find the best way forward on these issues (which comparisons would be most relevant to the replenishment process; how to take developments of the replenishment itself into account; how to fine-tune explanations and so on).

Final products

The final products of this sub-study will be threefold:

- a) The respective databases of the various parts of this sub-study will be delivered to GEF EO.
- b) The respective notes on the technical side of the databases will be made available to GEF EO.
- c) A first write up of what the material tells us will be done in the form of a technical document, or technical documents per section, as agreed upon.