

Terminal Evaluation Validation form, GEF Independent Evaluation Office

1. Project Data

Summary project data			
GEF project ID		1316	
GEF Agency project ID		505970	
GEF Replenishment Phase		GEF-2	
Lead GEF Agency (include all for joint projects)		World Bank, International Finance Corporation (IFC)	
Project name		Energy Efficiency Co-Financing Program 2 (HEECP2)	
Country/Countries		Hungary	
Region		Europe & Central Asia	
Focal area		Climate Change	
Operational Program or Strategic Priorities/Objectives		Operational Program 5: Removal of Barriers to Energy Efficiency and Energy Conservation	
Stand alone or under a programmatic framework		Standalone	
If applicable, parent program name and GEF ID		N/A	
Executing agencies involved		CEEf field staff	
NGOs/CBOs involvement		Not specified	
Private sector involvement (including micro, small and medium enterprises) ¹		Financial institutions: partners	
CEO Endorsement (FSP) / Approval (MSP) date		10/2/2001	
Effectiveness date / project start date		10/2/2001	
Expected date of project completion (at start)		Click or tap to enter a date.	
Actual date of project completion		12/29/2008	
Project Financing			
		At Endorsement (US \$M)	At Completion (US \$M)
Project Preparation Grant	GEF funding		
	Co-financing		
GEF Project Grant		0.7	0.7
Co-financing	IA own	12	8.75 ²
	Government		
	Other multi- /bi-laterals	0.4	0.4 ³
	Private sector	(76.55 ⁴)	N/A
	NGOs/CBOs		
	Other		
Total GEF funding		4.95 ⁵	5.7
Total Co-financing		93.2	9.18

¹ Defined as all micro, small, and medium-scale profit-oriented entities, including individuals and informal entities, that earn income through the sale of goods and services rather than a salary. ([GEF IEO 2022](#))

² PIR 2004 (p. 1).

³ PIR 2004 (p. 1).

⁴ The Project Document (p. 5) includes as co-financing the amount of USD 76.55 million from local financial institutions, and indicated as debt financing. This is not indicated in the financial status table of the PIR 2004 (p. 1).

⁵ This amount includes a requested financing of USD 0.7 million, and USD 4.25 million of existing GEF financing from HEECP guarantee funds (Project Document, p. 5. The PIR 2004 (p. 1) indicates a revised amount of GEF funds committed of USD 5.7 million.

Total project funding (GEF grant(s) + co-financing)	93.9	14.48
Terminal evaluation validation information		
TE completion date	2/28/2010	
Author of TE	Danish Management Group	
TER completion date	11/30/2022	
TER prepared by	Emanuele Bigagli	
TER peer review by (if GEF IEO review)	Ritu Kanotra	

Access the form to summarize key project features here: <https://www.research.net/r/APR2023>.

2. Summary of Project Ratings

Criteria	Final PIR	IA Terminal Evaluation ⁶	IA Evaluation Office Review	GEF IEO Review
Project Outcomes	--	--		S
Sustainability of Outcomes		--		L
M&E Design		--		MS
M&E Implementation		--		S
Quality of Implementation		--		S
Quality of Execution		--		S
Quality of the Terminal Evaluation Report				MS

3. Project Objectives and theory of change

3.1 Global Environmental Objectives of the project:

The global environmental objective of the project was to (i) Reduce Hungary's emissions of greenhouse gases (short-term measure) by improving energy efficiency for end-user applications; (ii) Create local capacity to fund further energy efficiency projects and applications; and (iii) Encourage the replication of the project elsewhere and raise public awareness about energy efficiency, as part of the country's climate change response strategy (Project Document, p. 4).

3.2 Development Objectives of the project:

3.3 Were there any **changes** in the Global Environmental Objectives, Development Objectives, or project activities during implementation? What are the reasons given for the change(s)?

The TE and PIRs report no changes in the objectives and activities of the program. Initially, the HEECP2 program was launched in 2001 as separate from the CEEF program, launched in 2003; in 2005, HEECP-2 was merged with CEEF⁷ (TE, p. 16).

3.4 Briefly summarize project's theory of change – describe the inputs and causal relationships through which the project will achieve its long-term impacts, key links, and key assumptions.

- **Problem:** very inefficient patterns of energy use in Hungary due to historically low, subsidized energy prices and industrial structure inherited from the formerly centrally planned economic system.
- **Barriers:** Weak credit and unfamiliar risk profiles of energy users and energy service companies; Extremely cautious financial institution lending practices; Lack of collateral value of energy efficiency project equipment; Lack of relevant expertise and capacity in local financial institutions; Poor capability on the part of project hosts and energy service companies to prepare “bankable” energy efficiency projects; Relatively high “transaction costs” associated with energy efficiency project development and financing; Lack of medium-to-long term financing needed to allow energy efficiency projects to be self-financing through savings; and High interest rates.

⁶ The TE did not provide any rating.

⁷ The Commercializing Energy Efficiency Finance Program (CEEFP) was launched in April 2003 as a joint program of the International Finance Corporation (IFC) and Global Environment Facility (GEF), based on the experience from the “Hungarian Energy Efficiency Co-Financing Program” (HEECP), which again was launched in 1997.

- **Objective:** reduce emissions of greenhouse gases through the promotion and enhancement of commercial financing of energy efficiency projects and the creation of a sustainable market for energy efficiency project development and financing
- **Strategy:** (i) provision of training to financial institutions for energy efficiency-related deal structuring and financing; (ii) provision of training to energy service companies and energy efficiency-related SMEs; (iii) provision of guarantee facilities to financial institutions.
- **Outcomes:** Avoided capital costs for new power generation and transmission/distribution capacity; Reduced foreign exchange costs for fossil fuel imports; Reduced state deficits from direct and indirect energy costs; Cost-effective reductions of global greenhouse gas emissions and local pollutants; Reduction in GHG emissions to assist Commercializing Energy Efficiency Finance (CEEFF) countries in fulfilling their commitments under the UN Framework Convention on Climate Change.

4. GEF IEO assessment of Outcomes and Sustainability

Please refer to the GEF Terminal Evaluation Review Guidelines for detail on the criteria for ratings.

The outcome ratings (relevance, effectiveness, efficiency, and overall outcome rating) are on a six-point scale: Highly Satisfactory to Highly Unsatisfactory. The sustainability rating is on a four-point scale: Likely to Unlikely.

Please justify the ratings in the space below each box.

4.1 Relevance and Coherence	HS
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The TE does not rate the relevance of the project. This evaluation rates it as Highly Satisfactory. The project was relevant to World Bank objectives and strategies, and its design was tailored to the country priorities and local needs, and appropriate to deliver the expected outcomes, with a strong internal coherence.

The Project Document (p. 6) notes the relevance of the project in supporting the World Bank Country Assistance Strategy for the transition to a fully functioning market economy and eventual Hungary's accession to the EU, and its consistency with the IBRD and IFC strategies. The project, which was an extension of the HEECP pilot project, was designed to assist Hungary in achieving the energy savings objectives defined in Hungary's Ministry for Environment and Regional Policy's (MERP) plan through financing for EE projects which were not otherwise available from commercial sources. MERP identified financing as a major barrier to EE project implementation.

The related CEEF and HEECP programs were designed to be consistent with the mandate of the GEF Operational Strategy Program 5: Removal of Barriers to Energy Efficiency and Energy Conservation (TE, p. 17). The overall program concept was well conceived and targeted (TE, p. 8), and structured appropriately to meet program needs (TE, p. 9). The only flaw in project design is that it had high guarantee fees that discouraged projects from being financed (TE, p. 74).

4.2 Effectiveness	S
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The TE does not rate the effectiveness of the project. This evaluation rates it as Satisfactory, as the project outcome achievements were commensurate with the ex-ante targets for almost all indicators.

The TE (p. 1) notes that the program has achieved very good progress relative to the goals defined, and that the program effectiveness has been very good. Some important indicators related to impacts on financial institutions were largely exceeded (TE, pp. 10-12). For example, the volume of investment projects involving energy service companies, financial institutions and end users was 1353%-1761% higher than the target; and the number of project developers seeking project finance from the financial institutions involved was 120% higher than the target. However, other important targets were not met, related to the total volume of CO₂ emissions avoided (33%-39% of the target) and the maximum cost per tonne of CO₂ emissions (0.1 USD/t against a target of 1.26 USD/t), and some indicators related to training and capacity building (number of people in project development gaining increased knowledge about energy efficiency financing activities, percentage of investment relation managers in participating financial institutions trained, number of consultations with energy efficiency/energy service companies/financial institutions).

4.3 Efficiency	S
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The TE does not rate the efficiency of the project. This evaluation rates it as Satisfactory, as the project was cost-effective in delivering its results and had a good management of allocated funds.

The PIR 2004 (p. 10) notes that the budget is sufficient to complete the scheduled activities. The great development impact of the project demonstrates a highly satisfactory management of GEF funds (PIR 2004, p. 11), and an overall satisfactory level of cost-effectiveness, considering both the unsatisfactory level of projects where an IFC guarantee was used and for which data were available, and the expected additional benefits resulting from projects stimulated by the program and that do not use guarantees (PIR 2004, p. 15).

4.4 Outcome	S
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Summarize key outcomes related to environment, human well-being, and enabling conditions (Policy, Legal & Institutional Development; Individual & Institutional Capacity-Building; Knowledge Exchange & Learning; Multistakeholder Interactions), as applicable. Include any unintended outcomes (not originally targeted by the project), whether positive or negative, affecting either ecological or social aspects.

Where applicable, note how both intended and unintended outcomes have positively and/or negatively affected marginalized populations (e.g., women, indigenous groups, youth, persons with disabilities), and where some stakeholder groups have benefited more/ less than others.

The TE does not rate project outcome. This evaluation rates it as Satisfactory. The project was relevant to World Bank and country objectives and priorities, and achieved the intended outcomes in an efficient way.

More details on specific impacts are provided below.

Environmental impacts. The TE calculated that the project obtained a CO₂ emissions reduction of 87,982 tonnes/year, corresponding to 0.21 tonnes/USD (1000), and an energy saving of 1,319,430 GJ/year, corresponding to 3.39 GJ/USD (1000) (TE, p. 29, 32).

Socioeconomic impacts. The volume of energy efficiency investments was considerably increased in Hungary (TE, p. 52). The program successfully attracted 6 financing institutions for a total of 44 individual projects, 747 projects in portfolios, and 791 guaranteed projects (TE, p. 6, 41), with a considerably high volume of investments attracted. New financial products were developed by Raiffeisen Leasing (related to street lighting and gas projects), Raiffeisen Bank and ERSTE (blockhouse renovation portfolio), and OTP (street lighting, municipalities; TE, p. 7, 43). A number of individual guarantees were issued (TE, p. 22), for a total of 32.737.045 USD, equal to 38% of total projects costs (TE, p. 26). More than 30 energy service companies received more than 183 million USD of loans from the financial institutions involved in the facility (TE, p. 56). This resulted in the decrease of energy intensity of the economy of Hungary from 460.23 to 400.76 kgoe/€ (1,000) (TE, p. 60). Other positive social impacts (PIR 2004, p. 12) include the increased efficiency of energy consumption and increasing level of comfort for tenants, more efficient energy use in the block housing sector; great increase in the value of the tenants' property; increased level of lending in the sector.

Enabling conditions. Capacity was built around energy efficiency in Hungary, as several business advisory consultations meetings were held among energy efficiency/energy service companies/financial institutions (TE, p. 51). However, there was not much emphasis on training project developers (TE, p. 47), nor on local capacity building within financial institutions that had signed a Guarantee Facility Agreement (GFA; TE, p. 48).

Unintended impacts. The TE reports no unintended impacts of the program.

4.5 Sustainability	L
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Note any progress made to sustain or expand environmental benefits beyond project closure, using stakeholder (rather than project) resources, e.g. through replication, mainstreaming or scaling-up of GEF-supported initiatives. Examples would be farmers adopting practices using own funds, follow-on replication projects, development of plans for scaling, inclusion in local or national legislation, and allocation of government budgets or private sector investments for institutional adoption.

The TE does not assess sustainability. This evaluation rates it as Likely, as no risks emerged to the continuation of benefits, and it is likely that they will continue in the future.

Financial. The CEEF provided a model that was successfully applied to other areas and mainstreamed into IFC's operations (TE, p. 71). In fact, the major sustained impact of the project is that the training provided allowed financial institutions to develop new businesses in energy efficiency lending that do not depend upon guarantees (PIR 2003, p. 11). CEEF led to the creation of a separate guarantee to OTP Bank for a large project in Hungary (\$250 million) for energy efficiency retrofit in schools. Also, Raiffeisen Bank has negotiated a separate IFC guarantee program for blockhouse renovation with energy service companies' implementation. (TE, p. 72).

Sociopolitical. The TE notes no sociopolitical risks to the sustainability of project outcomes.

Institutional framework and governance. The TE notes no risks to the sustainability of project outcomes related to institutional framework and governance.

5. Processes and factors affecting attainment of project outcomes

Before describing the factors, you may choose to summarize reported outcomes and sustainability here: <https://www.research.net/r/APR2023>.

5.1 Co-financing. To what extent was the reported co-financing essential to the achievement of GEF objectives? If there was a difference in the level of expected co-financing and actual co-financing, what were the reasons for it? Did the extent of materialization of co-financing affect project's outcomes and/or sustainability? If so, in what ways and through what causal linkages?

The TE does not report on co-financing, and provides no specifications in relation to actual amounts mobilized or to how this affected project's outcomes and sustainability. The PIR 2004 (p. 1) indicates an amount of co-financing mobilized slightly lower than expected (USD 9.178 million against the committed USD 12.43 million), due to lower guarantee facilities disbursed by the IFC, without providing an explanation on the reasons or on the impacts on the achievement of project outcomes. The PIR 2003 (p. 8) notes only that additional donor funds would enhance project development activities.

5.2 Project extensions and/or delays. If there were delays in project implementation and completion, then what were the reasons for it? Did the delay affect the project's outcomes and/or sustainability? If so, in what ways and through what causal linkages?

Neither the TE nor the PIRs (2002, 2003, 2004) mention any extension or delay in project implementation.

5.3 Stakeholder ownership. Assess the extent to which stakeholder ownership has affected project outcomes and sustainability. Describe the ways in which it affected outcomes and sustainability, highlighting the causal links.

The PIR 2004 (p. 8) notes that through the local participation by NGOs, governmental institutions, energy service companies, manufacturers and financial institutions in the Advisory Committee of the Program, IFC has built a strong country-driven component to the program's evolution and has raised awareness and influenced policies which complement the HEECP objectives.

5.4 Other factors: In case the terminal evaluation discusses other key factors that affected project outcomes, discuss those factors and outline how they affected outcomes, whether positively or negatively. Include factors that may have led to unintended outcomes.

The TE (p. 69) mentions that the housing renovation market provided an attractive opportunity for the guarantee program, encouraged by relatively high interest rates and the government's provision of subsidies for housing renovation. This led to a large uptake of guarantee projects in the housing sector in Hungary, which in turn led to the transition in Hungary from individual guarantees to a portfolio guarantee product. Also, the occurrence of many important market changes, including the increase in the number of energy service companies in Hungary, resulted in the need for modification and adaptation of the program design to meet the new realities (TE, p. 73).

6. Assessment of project's Monitoring and Evaluation system

Ratings are assessed on a six point scale: Highly Satisfactory to Highly Unsatisfactory.

Please justify ratings in the space below each box.

6.1 M&E Design at entry	MS
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The TE does not rate M&E design. The present evaluation rates it as Moderately Satisfactory. The M&E design was practical and adequate, including details on data collection and appropriate indicators, and clear roles, although the reporting schedule was not detailed.

The Project Document (p. 32) specifies that the real-time information provided by the Hungarian firm EGI will ensure confirmation of effective investment project, implementation, establishment of a valid baseline, detailed GHG reduction measurement, as well as real-time data to assist the implementation team in adjusting program management procedures to ensure continuous improvement. The M&E plan will be based on the Pilot Stage Program mid-term evaluation. Provisions are included for a final evaluation to guide future Program replication.

6.2 M&E Implementation	S
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The TE does not rate M&E implementation. This evaluation rates it as Satisfactory. The M&E was implemented as per plan and met the expectation, and the difficulties encountered were addressed timely.

The TE (p. 81) notes that the program recordkeeping, monitoring and reporting procedures were adequate for the requirements of program management, although the IFC's internal systems for information processing, accounting, and monitoring were not set up for handling a large number of small projects that CEEF generated, nor to easily handle the financial reporting, environmental reporting and development impact assessments needed for the CEEF program. This resulted in substantial time needed for staff to learn how to work with it, and in the manual reporting.

7. Assessment of project implementation and execution

Quality of Implementation rating is based on the assessment of the performance of GEF Agency(s). Quality of Execution rating is based on performance of the executing agency(s). In both instances, the focus is upon factors that are largely within the control of the respective implementing and executing agency(s). A six-point rating scale is used (Highly Satisfactory to Highly Unsatisfactory), or Unable to Assess.

Please justify ratings in the space below each box.

7.1 Quality of Project Implementation	S
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The TE does not rate quality of project implementation. This evaluation rates it as Satisfactory. Project implementation was solid, with regular communication and the establishment of good working relationships with executing agencies, effectively addressing emerging issues in a timely manner, without impacts on project outcomes.

The program organization was adequate to meet the operational needs of the program (TE, p. 76). As indicated in the Project Document (p. 27), the Program was implemented by IFC as a joint venture between IFC's Central and Eastern Europe Financial Markets Department (CEUFM, the investment

department responsible for the IFC investment of US\$12 million) and the Environment Department (which has responsibility for administering GEF projects within IFC, and which has managed the HEECP Pilot Project). As the initial program design required a process of decision-making that was cumbersome and time-consuming and lacked flexibility to quickly adapt to changing market conditions, it was changed to allow more authority for decision-making to the field staff, and designating a CEEF field manager for all field staff to increase field decision-making. This change increased headquarters interest and support to the field staff, streamlined the processing of individual projects and facilitated the development of larger numbers of projects (TE, p. 74). Also, offices were consolidated to achieve better communication and coordination and to make the operations more efficient (TE, p. 9). The headquarters Staff worked closely with the field staff and engaged in regular communications and periodic visits, building a very good working relationship (TE, p. 77). Finally, the selection of the financial institutions was appropriate in Hungary, resulting in a substantial increase in project volumes (TE, p. 70).

On the negative side, the TE (p. 78) notes that the roles and responsibilities of the Advisory Committees were not well-defined and it seems that the program did not make effective use of them, with only few and irregular meetings.

7.2 Quality of Project Execution	s
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The TE does not rate project execution. This evaluation rates it as Satisfactory. The field offices executed the project without salient weaknesses, ensuring timely and good quality execution and in good contact with the implementing agency.

An important feature of the program was the establishment of local offices staffed with experienced individuals who could work with the financial institutions to develop the Guarantee Facility Agreements and provide technical assistance to the financial institutions and energy service companies related to energy efficiency project development and financing. Although the TE does not provide details for the situation in Hungary, it reports a general consensus among program staff whose skill and capability levels had some impact in shaping the programs in different CEEF countries (TE, p. 69).

The TE (p. 9) notes that the delegation of authority and responsibility to the field staff for project approval decisions contributed to the larger volume of projects in the latter years of the program. The field staff were in a continuous and close contact with financial institutions and energy service companies to investigate the market needs and to identify the demand for financial products as well as the appropriate design of the products (TE, p. 73).

8. Lessons and recommendations

8.1 Briefly describe the key lessons, good practices, or approaches mentioned in the terminal evaluation report, including how they could have application for other GEF projects. Lessons must be based on project experience.

The TE (p. 13) presents the following lessons and recommendations:

- **Program Objectives and Performance Indicators.** A program LogFrame should include performance indicators; which must be based on the specific market and an assessment of potential projects in terms of size and basic key energy figures. Market conditions might change under the implementation of a program and the performance indicators must be reviewed.
- **GHG Emission Reductions.** A new supporting energy efficiency and renewable energy program should take systematic advantage of existing subsidy programs by national authorities, which could kick-start the requirement for guarantees in new financing areas, e.g., block housing and/or renewable energy. The CEEF facility could in many cases support a subsidy program and closer liaison with government ministries would be beneficial.
- **Impact on FIs.** Fine-tuning and customization of the energy efficiency and renewable energy financing product(s) seems still to be essential in order to cope effectively within different country situations and different end-user segments. Equity constraints with certain energy service companies seem to be evident and new financing models or tools should be considered – e.g., equity funds tied up for a certain limited period in BOOT (Build-Own-Operate-Transfer) projects.
- **Impact on Country Markets.** The structuring of the guarantee and the risk credit policies should be tailored to match FI demand. The Guarantee Facility Agreement should be tailored according to each financial institution and not be based on a master contract. This will increase administrative burden and costs and the local offices should be capable of managing these tasks being provided with the adequate resources.
- **Program Management and Operations.** Local presence in each market, with a field staff having knowledge and understanding of local market conditions and financial institutions and energy service companies' characteristics is extremely important in program operations. A Technical Assistance component is important and must be flexible and adapted to market needs. The delegation of authority and responsibility to the field is very important to the smooth and effective operation of a program. IFC must be able to react effectively and promptly to market changes, to create new products and delivery mechanisms, and develop relationships with the FIs and other program stakeholders.

8.2 Briefly describe the recommendations given in the terminal evaluation.

The TE does not specify recommendations.

9. Quality of the Terminal Evaluation Report

Before rating the quality of the terminal evaluation, click here to summarize your observations on the sub-criteria: <https://www.research.net/r/APR2023>.

A six-point rating scale is used for each sub-criteria and overall rating of the terminal evaluation report (Highly Satisfactory to Highly Unsatisfactory)

Criteria/indicators of terminal evaluation quality	GEF IEO COMMENTS	Rating
1. Timeliness: terminal evaluation report was carried out and submitted on time?	The TE was conducted within six months from project closure, but it was published 1 year later and submitted at the GEF portal after 7 years	MU
2. General information: Provides general information on the project and evaluation as per the requirement?	The TE lists GEF environmental objectives and the authors of evaluation, but does not provide other details (GEF project ID, list of executing agencies, key project milestones, e.g., start date, completion date)	MU
3. Stakeholder involvement: the report was prepared in consultation with – and with feedback from - key stakeholders?	The TE identifies the key stakeholders, but provides no detail as to whether their feedback, and that of the OFP, was sought and incorporated on report finalization	MS
4. Theory of change: provides solid account of the project's theory of change?	Although not discussing explicitly the theory of change, the TE discusses the causal links and mechanisms to achieve impact, the key assumptions of the project, and whether they remain valid	HS
5. Methodology: Provides an informative and transparent account of the methodology?	The TE presents the information sources for evaluation, lists the main people interviewed, and provides information on project sites, but does not identify limitations	S
6. Outcome: Provides a clear and candid account of the achievement of project outcomes?	The TE assesses relevance to GEF and country priorities and of project design; it reports on performance on all outcome targets and discusses factors affecting their achievement with good depth, but it does not report on timeliness of activities and efficiency	MS
7. Sustainability: Presents realistic assessment of sustainability?	The TE identifies risks to sustainability, their likelihood and effects, but does not	S

	indicate an overall likelihood of sustainability (rating)	
8. M&E: Presents sound assessment of the quality of the M&E system?	The TE analyzes quality of M&E design and implementation, including the use of information for project management	HS
9. Finance: Reports on utilization of GEF funding and materialization of co-financing?	The TE reports on utilization of GEF resources, but does not provide any information on co-financing	MU
10. Implementation: Presents a candid account of project implementation and Agency performance?	The TE evaluates implementation and execution and discusses factors that affected these, and how challenges were addressed	HS
11. Safeguards: Provides information on application of environmental and social safeguards, and conduct and use of gender analysis?	The TE does not report on implementation of environmental and social safeguards, nor on gender analysis and actions	U
12. Lessons and recommendations are supported by the project experience and are relevant to future programming?	The TE presents lessons based on project experience and discusses their applicability, but does not present recommendations	MS
13. Ratings: Ratings are well-substantiated by evidence, realistic and convincing?	The TE does not provide ratings; however, the evaluation done is based on sufficient and credible evidence	MS
14. Report presentation: The report was well-written, logically organized, and consistent?	The report is written in English; it is quite easy to read, structured, and consistent, and makes good use of the tables and charts	S
Overall quality of the report		MS

10. Note any additional sources of information used in the preparation of the terminal evaluation report (excluding PIRs, TEs, and PADs).

ANNEX 1. GEF IEO THEORY OF CHANGE FRAMEWORK

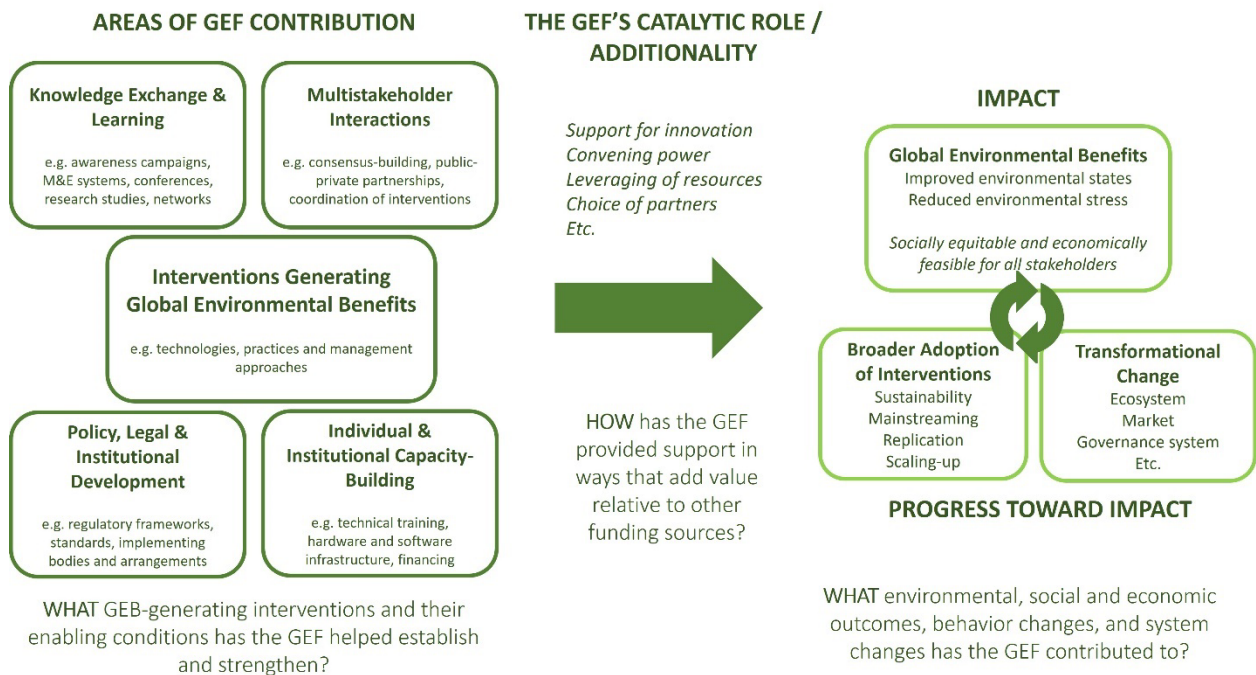


Figure 1. The GEF IEO's updated Theory of Change Framework on how the GEF achieves impact

The general framework for the GEF's theory of change (figure 1) draws on the large amount of evaluative evidence on outcomes and impact gathered over the years by the GEF Independent Evaluation Office. The framework diagram has been updated to reflect the IEO's learning since OPSS5 (GEF IEO 2014, p. 47-50) about how the GEF achieves impact, as well as the evolution of the GEF's programming toward more integrated systems-focused and scaled-up initiatives.

The framework outlines the three main areas that the IEO assesses in its evaluations: a) the GEF's contributions in establishing and strengthening both the interventions that directly generate global environmental benefits, and the enabling conditions that allow these interventions to be implemented and adopted by stakeholders, b) the GEF's catalytic role or additionality in the way that the GEF provides support within the context of other funding sources and partners, and c) the environmental, social and economic outcomes that the GEF has contributed to, and the behavior and system changes that generate these outcomes during and beyond the period of GEF support.

The circular arrow between impact and progress toward impact, as before, indicates how bringing about positive environmental change is an iterative process that involves behavior change (in the form of a broader group of stakeholders adopting interventions) and/or systems change (which is a key characteristic of transformational change). These three areas of change can take place in any sequence or simultaneously in a positively reinforcing cycle, and are therefore assessed by the GEF IEO as indicators of impact.

Assessing the GEF's progress toward achieving impact allows the IEO to determine the extent to which GEF support contributes to a trajectory of large-scale, systemic change, especially in areas where changes in the environment can only be measured over longer time horizons. The updated diagram in particular expands the assessment of progress towards impact to include transformational change, which specifically takes place at the system level, and not necessarily over a long time period.

The updated diagram also more explicitly identifies the link between the GEF's mandate of generating global environmental benefits, and the GEF's safeguards to ensure that positive environmental outcomes also enhance or at the very least do not take away from the social and economic well-being of the people who depend on the environment. Thus the IEO assesses impact not only in terms of environmental outcomes, but also in terms of the synergies and trade-offs with the social and economic contexts in which these outcomes are achieved.

ANNEX 2. DEFINITION OF TERMS

Intervention	Any programmatic approach, full-sized project, medium-sized project, or enabling activity financed from any GEF-managed trust fund, as well as regional and national outreach activities. In the context of post-completion evaluation, an intervention may consist of a single project, or multiple projects (i.e. phased or parallel) with explicitly linked objectives contributing to the same specific impacts within the same specific geographical area and sector. https://www.gefio.org/evaluations/gef-evaluation-policy-2019
Activity (of an intervention)	An action undertaken over the duration of an intervention that contributes to the achievement of the intervention's objectives, i.e. an intervention is implemented through a set of activities. E.g. training, (support to) policy development, (implementation of) management approach.
Outcome	An intended or achieved short- or medium-term effect of a project or program's outputs. https://www.gefio.org/evaluations/gef-evaluation-policy-2019
Impact	The positive and negative, primary and secondary long-term effects produced by a project or program, directly or indirectly, intended or unintended. https://www.gefio.org/evaluations/gef-evaluation-policy-2019
Environmental outcomes	Changes in environmental indicators that could take the following forms: <ul style="list-style-type: none"> • Stress reduction: reduction or prevention of threats to the environment, especially those caused by human behavior (local communities, societies, economies) • Environmental state: biological, physical changes in the state of the environment http://www.gefio.org/sites/default/files/ieo/evaluations/ops5-final-report-eng.pdf
Social and economic outcomes	Changes in indicators affecting human well-being at the individual or higher scales, e.g. income or access to capital, food security, health, safety, education, cooperation/ conflict resolution, and equity in distribution/ access to benefits, especially among marginalized groups.
Synergies	Multiple benefits achieved in more than one focal area as a result of a <i>single intervention</i> , or benefits achieved from the interaction of outcomes from at least two separate interventions in addition to those achieved, had the interventions been done independently.

	http://www.gefio.org/evaluations/evaluation-multiple-benefits-gef-support-through-its-multifocal-area-portfolio-map-2016
Trade-offs	A reduction in one benefit in the process of maximizing or increasing another benefit. http://www.gefio.org/evaluations/evaluation-multiple-benefits-gef-support-through-its-multifocal-area-portfolio-map-2016
Broader adoption	The adoption of GEF-supported interventions by governments and other stakeholders beyond the original scope and funding of a GEF-supported intervention. This may take place through sustaining, replication, mainstreaming, and scaling-up of an intervention and/or its enabling conditions (see definitions below). http://www.gefio.org/sites/default/files/ieo/evaluations/ops5-final-report-eng.pdf
Sustainability	The continuation/ likely continuation of positive effects from the intervention after it has come to an end, and its potential for scale-up and/or replication; interventions need to be environmentally as well as institutionally, financially, politically, culturally and socially sustainable. https://www.gefio.org/evaluations/gef-evaluation-policy-2019
Replication	When a GEF intervention is reproduced at a comparable administrative or ecological scale, often in different geographical areas or regions. http://www.gefio.org/sites/default/files/ieo/evaluations/ops5-final-report-eng.pdf
Mainstreaming	When information, lessons, or specific aspects of a GEF initiative are incorporated into a broader stakeholder initiative. This may occur not only through governments but also in development organizations and other sectors. http://www.gefio.org/sites/default/files/ieo/evaluations/ops5-final-report-eng.pdf
Scaling-up	Increasing the magnitude of global environment benefits (GEBs), and/or expanding the geographical and sectoral areas where they are generated to cover a defined ecological, economic, or governance unit. May occur through replication, mainstreaming, and linking. http://www.gefio.org/evaluations/evaluation-gef-support-scaling-impact-2019
Transformational change	Deep, systemic, and sustainable change with large-scale impact in an area of major environmental concern. Defined by four criteria: relevance, depth of change, scale of change, and sustainability. http://www.gefio.org/evaluations/evaluation-gef-support-transformational-change-2017
Additionality	a) Changes in the attainment of direct project outcomes at project completion that can be attributed to GEF's interventions; these can be reflected in an acceleration of the adoption of reforms, the enhancement of outcomes, or the reduction of risks and greater viability of project interventions. b) Spill-over effects beyond project outcomes that may result from systemic reforms, capacity development, and socio-economic changes. c) Clearly articulated pathways to achieve broadening of the impact beyond project completion that can be associated with GEF interventions. https://www.gefio.org/sites/default/files/ieo/council-documents/files/c-55-me-inf-01.pdf