Global Environment Facility

July 29, 2003

Dear Council Member,

I am writing in reference to the communications sent to you on July 11 and 14, together with the proposed revised Terms of Reference for an Independent Monitoring and Evaluation Unit, seeking Council approval by mail for the terms of reference.

As we have received no objection to the proposal to approve the terms of reference, I am pleased to inform you that the Council has approved the following decision:

The Council, having reviewed the revised terms of reference for an independent monitoring and evaluation unit dated July 14, 2003, approves the terms of reference and requests the CEO to initiate an open and transparent recruitment process for the Director of the Monitoring and Evaluation Unit with a view to proposing to the Council at its meeting in November 2003 a candidate for appointment to the position.

A copy of the approved terms of reference is attached to this letter. Although the Secretariat did not receive any objections to the approval of the terms of reference, we did receive a few editorial comments, and these have been included in the approved document. Some Council Members also raised comments of a more technical or substantive character. These were not included in the final text, since the Secretariat did not consider it within its authority to include suggested changes without Council review and discussion. Council Members are invited to raise those comments, as appropriate, during their regular review of monitoring and evaluation activities at Council meetings so that any revision or clarifications may be agreed with all Council Members.

The Secretariat is currently initiating an open and transparent recruitment process for the Director of the Monitoring and Evaluation Unit, and we will shortly be communicating with you on this matter.

Sincerely,

Leonard Good
CEO and Chairman
TERMS OF REFERENCE FOR AN INDEPENDENT MONITORING AND EVALUATION UNIT
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INTRODUCTION

1. Under the policy recommendations of the Third Replenishment of the GEF Trust Fund it was agreed that the Monitoring and Evaluation Unit, for purposes of evaluation, should be made independent and report directly to the GEF Council. Some of the other key policy recommendations are that a process for Council oversight be established; that a formal feedback loop from evaluation findings should ensure more systematic use of lessons in subsequent activities; that enhanced procedures to disseminate lessons be put in place and that more rigorous minimum standards for M&E be pursued.

2. This paper proposes a way forward on how the GEF’s Monitoring and Evaluation function will be made independent and strengthened compared to the policies and procedures that are currently in place. In addition, this paper contains guidelines for the involvement of other Members of the GEF partnership in M&E efforts and a draft Terms of Reference for a proposed Director of the M&E Unit.

3. Earlier versions of this document were presented in October 2002 and May 2003. This version reflects comments from the Council, both in writing and at the May Council Meeting. Council Members have especially recommended that the GEF M&E function should be strengthened and made independent. An M&E Director should be appointed by the Council and would report directly to the Council on monitoring and evaluation matters. Regular and timely communication and consultation modes with the GEF Council should be developed.

4. Council Members further recommended a good partnership approach to M&E by all GEF entities. There should be an effective collaboration with the GEF Secretariat on administrative matters, program issues and knowledge management. Both the GEF coordination units and the evaluation divisions of the Implementing and Executing Agencies should be engaged in enhancing systems for measurements of results, the implementation of reviews and studies and in sharing experiences and lessons within the GEF. The Scientific and Technical Advisory Panel (STAP) should be involved on scientific and technical issues.

5. Further, there should be enhanced feedback loop mechanisms from monitoring and evaluation to policy, program and project design especially by the development of a knowledge management system.

6. Upon approval of this document, the M&E unit will so revise “Monitoring and Evaluation Policies and Procedures” (January 2002).

7. This document was approved by the Council on July, 28, 2003, through a decision by mail in accordance with rule 45 of the Rules of Procedure of the GEF Council.
ROLE OF GEF COUNCIL AND INDEPENDENCE OF THE M&E UNIT

8. The objectives of the M&E unit are to:

- Independently monitor and evaluate, on a continuing basis, the effectiveness of GEF programs and resource allocations on project, country, portfolio and institutional bases.

- Provide a basis for decision-making on amendments and improvements of policies, strategies, program management, procedures and projects;

- Promote accountability through the assessment of processes, results, impacts and the performance of the parties involved in GEF activities.

- Provide feedback to subsequent activities, and promote knowledge management on results, performance and lessons learned.

9. In accordance with Council’s recommendations, the M&E Unit will be independent and report directly to the Council in a regular and timely way. The Council will:

- Appoint the M&E Director, upon nomination by the CEO/Chair, for a 5 year term, which may be renewed only once. The recruitment process will be conducted in a transparent way and in consultation with GEF Council. The M&E Director can be removed only by decision of the Council.

- Review, discuss and approve M&E policies and procedures, four year rolling M&E work plans, the annual work program and budget;

- Receive directly from the M&E unit all of its reports, either prior to Council meetings or at any other time.

- Arrange for meetings or informal briefings with the M&E team in conjunction with regular Council meetings (without going through the CEO/Chairman), encourage exchanges of views throughout the year, and include at every Council meeting an agenda item to discuss monitoring and evaluation reports and any recommendations put to the Council by the M&E unit.

- Have direct access to the M&E Director and his/her staff.

- Review on an annual basis the progress of the implementation of M&E recommendations and action plans approved by the Council.
Responsibilities of the M&E Director and M&E Unit

10. The GEF M&E Unit will be responsible for all corporate M&E activities, including development of M&E policies and guidelines on M&E methodology and implementation of the annual Project Performance Review, focal area and cross-cutting evaluations, country portfolio reviews and especially the evaluation of GEF’s overall performance. It will also include a review of progress made towards the implementation of the Replenishment recommendations.

11. The M&E Director will be solely responsible for personnel decisions in the M&E Unit. The GEF Secretariat and the IAs and EAs will cooperate closely with the M&E unit on the development of M&E systems, implementation of reviews and studies, and the development of knowledge management systems, including dissemination of M&E results. The budget for the M&E Unit includes provisions for all related expenses, including salaries, consultants’ fees, office accommodations, equipment and staff services.

12. The practices of the M&E Unit will conform to the highest internationally accepted principles and standards regarding the evaluation of development results, such as those followed by the UN, the multilateral development banks, OECD-DAC, and others. The M&E staff and consultants preparing evaluation findings and recommendations will be selected and guided to make fair and consistent assessments based on their best professional and independent judgments, following GEF Council guidance and oversight.

13. Among the key overarching principles and standards for M&E are:

- Independence: The M&E Unit will be impartial and independent from both the policy-making process and the delivery and management of assistance. This means, inter alia, that the unit will be separate from and not report to GEF management, that it should establish policies to ensure that there are no conflicts of interest that could weaken its objectivity, that it should have a separate budget, that it should have authority for its own personnel decisions, and that the Director should report directly to the Council.

- Accountability: The unit will be staffed with independent-minded, experienced and sufficiently senior evaluators, adopting a rigorous methodology for the assessment of results and impacts and the performance of the partners concerned, as well as highlighting successes, unexpected results, shortcomings and failures and disclosing them to relevant stakeholders and the general public without interference from any vested interest.

- Adding value. Partnerships with stakeholders will be stronger if evaluations are perceived by stakeholders as being useful, well-informed, relevant and timely, and are clearly and concisely presented.

- Feedback: The lessons from evaluation will be disseminated by establishing effective feedback loops from evaluation to policymakers, operational staff and the general public.
IMPROVED MEASUREMENT OF GEF RESULTS

14. Improved policies, procedures, standards for measurements of results are essential building blocks to an efficient and effective M&E system. This pertains to all levels from the individual projects and country portfolios to the level of GEF itself as a global environment facility.

15. **GEF M&E Policies and Procedures.** The GEF M&E policies and procedures will be continuously reviewed and updated in dialogues with all GEF entities to make them dynamic and relevant to the current circumstances.

16. **Improved Monitoring and Evaluation Plans.** The M&E Unit may provide support to Implementing Agencies, Executing Agencies and GEF Secretariat’s focal area teams to ensure that both regular and medium-size project designs include satisfactory M&E plans. These plans will identify how performance information from monitoring and evaluation activities can guide project management towards accomplishing project objectives, and report on the accomplishments.

17. **Minimum M&E Standards** At entry, all projects must have M&E plans, which will, as a minimum, include: definition of performance indicators and unit of measurements; description of the data source(s) for the indicator; identification of baseline data and methods for data collection and processing; scheduling frequency of data collection and designating officials responsible for ensuring data availability. Performance indicators need to be specific, measurable, achievable, relevant and time-bound. The data should be available on a timely basis at intervals consistent with management requirements (at least annually). Any ongoing project which is found to be inadequately performing in this regard will be retrofitted to meet such minimum M&E standards. Outcomes should be reported to the Council, at a minimum, on an annual basis. The M&E unit will also establish minimum standards for terminal evaluations, e.g., conflict of interest rules. Progress on strengthening M&E standards will be reported to the Council on an annual basis.

18. **Program Indicators.** In cooperation with teams of the GEF Secretariat, the Implementing Agencies and STAP, the M&E Unit will intensify its work on developing, testing redrafting and using program indicators in all focal areas where operational policies and programs have been endorsed.

**MONITORING PROGRAM**

19. The results of the annual Project Performance Report (PPR) will firstly include the outcome of the annual Project Implementation Review (PIR) based upon reporting by the GEF Implementing Agencies (IA) and Executing Agencies on all ongoing projects. In FY 2002 the PPR has been complemented by two additional review modalities: the Specially Managed Project Review (SMPR) and the Terminal Evaluation Review (TER).
PROGRAM AND POLICY EVALUATIONS

20. Program evaluations cover essential features—or the full scope—of GEF operational programs. Cross-cutting evaluations provide the opportunity to assess topics of concern to all operational programs, e.g. participation, gender, capacity building, policy formulation, technology comparisons, funding arrangements, management and operational responsibilities, best practices in M&E arrangements, and application of lessons learned. Country portfolio reviews enable the assessment of GEF achievements in countries, particularly how GEF responds to country policies and priorities, and how country policies and practices affect GEF project results.

21. In preparation for the GEF replenishment and Assembly every four years, the M&E Unit arranges for a comprehensive external study of GEF's overall performance (OPS), which addresses overriding issues like global impact and benefits of GEF programs, as well as the appropriateness of GEF's institutional arrangements, policies, strategies, programs and priorities. The GEF Secretariat reports on the follow up of the decisions made by the GEF Council and the Assembly on the basis of the overall performance study.

FEEDBACK AND KNOWLEDGE MANAGEMENT

22. An essential and integral part of M&E is the feedback to the decision-making processes in the GEF at policy, program and project levels. The GEF Replenishment called for a formal "feedback loop" to be established between evaluation findings and management activities to ensure more systematic use of the results and outputs of the GEF projects for the improvement of planning and subsequent activities. Evaluation findings and recommendations will be provided in a timely and readily accessible form to have a positive impact in the GEF activities. Their implementation will be reported on an annual basis. The efforts to ensure feed-back and follow-up will partly be done in a coordinated GEF manner, and partly by the Implementing and Executing Agencies, as appropriate.

23. Activities for feedback and knowledge management will be designed with clearly identified tasks, resources for their implementation and designated dissemination responsibilities. It further requires using techniques that promote and facilitate the integration of findings, and lessons and recommendations into GEF's programs and projects and, more broadly, into all related efforts that further the attainment of global benefits. The GEF M&E Unit will, in collaboration with other teams of the GEF Secretariat and the Implementing and, when appropriate, Executing Agencies, develop a knowledge management strategy based on user needs and priorities and the latest technologies and approaches, subject to budget resource availability.
ANNEX I

TERMS OF REFERENCE FOR THE GEF MONITORING AND EVALUATION UNIT DIRECTOR

1. The GEF Monitoring and Evaluation Unit Director is accountable directly to the GEF Council on M&E matters including work program and budget, and reports directly to the Council. The M&E Director will have authority to issue final evaluation reports directly and simultaneously to the Council and the CEO without prior clearance from anyone outside the M&E Unit. The Secretariat, IA and EAs and other affected parties may receive, comment and respond to the draft and final reports, but will not have the right to approve, hold back, request changes to or otherwise modify such draft and final evaluation reports. The Director will not be reemployed by the GEF upon completion of his or her term; nor will s/he be employed in any capacity involving or having authority for GEF projects at any of the implementing or executing agencies after the completion of his or her term. The Director will be a senior official, comparable to the level of independent evaluation heads in other international institutions.

2. The Director will be responsible for managing the unit independently. Among these responsibilities, the Director:

   a. **Implements Strategic Direction and Oversight Provided by Council:**

      (i) Prepares and submits draft M&E policies, guidelines and procedures for GEF Council decision, after requesting inputs from relevant GEF entities.

      (ii) Prepares and submits draft four year rolling work plans and annual work programs and budgets for Council approval. The Director may request supporting inputs from other GEF entities prior to submitting documents for Council decision.

      (iii) Provides individual M&E reports, report summaries, and annual summary reports on M&E activities and results, including information and follow-up of evaluation findings and recommendations. Arranges special meetings and communicates directly with Council Members, as deemed appropriate and without prior clearance from anyone outside the M&E unit.

      (iv) Participates in Council meetings on monitoring and evaluation issues, and responds to Council requests on such matters.

   b. **Provides Overall Direction and Management of Resources:**

      (i) Formulates independently from management the annual M&E program of work and budget and submits it directly to the Council for approval. Plans and work programs cover methodology development as well as monitoring, review and evaluation at the project, program, country, policy, operational and overall GEF level.
(ii) Implements the work program and manages its component activities within budget, staff and time constraints.

c. Manages and Coordinates Staff and Team Performance:

(i) Makes personnel and operational decisions concerning M&E staff.

(ii) Ensures that the unit is staffed by independent-minded, experienced and sufficiently senior evaluators.

(iii) Manages GEF M&E staff, assigns tasks and coordinates the inputs of GEF Secretariat, Implementing and Executing Agencies.

(iv) Evaluates and monitors team and individual performance.

(v) Provides coaching and mentoring; and recommends suitable training.

(vi) Maintains open communications, fosters team work and resolves conflicts.

(vii) Nurtures and protects the independence of mind of M&E evaluators.

(viii) Establishes conflict of interest rules for M&E staff. In this connection, the Director will make certain that the engagement of any individual in an evaluation exercise will not generate a conflict of interest. In particular, an evaluation will not be entrusted to a unit staff Member who has been responsible in the past for the design, implementation or supervision of the project, program or policy to be evaluated. A consultant who has worked previously on the design or implementation of a project program or policy may being engaged as a resource person for providing information to the evaluation team but not as a consultant entrusted with the conduct of the evaluation analysis and preparation of the evaluation report.

(ix) Unit staff other than the Director will be entitled to seek employment in other units of the GEF, but must inform the Director prior to such job search in order to avoid conflicts of interest. GEF Secretariat will treat unit staff who apply for positions outside the monitoring and evaluation unit on a fully equal basis with other GEF staff.
d. **Strengthens Institutional Relationships:**

(i) On M&E matters, strengthens the relationship between the GEF and its Member countries, the Secretariat, the Implementing and Executing Agencies, STAP, relevant convention Secretariats and other key stakeholders.

(ii) Seek full cooperation with the M&E units in the Implementing Agencies and Executing Agencies, to help ensure that their M&E practices are in accordance with minimum GEF standards, and facilitates interagency sharing of operational lessons learned.

(iii) Reports to Council.

(iv) Proposes to the Council any measure that he or she believes is necessary to ensure evaluation independence.

(v) Cooperates with the heads of evaluation units of IAs, EAs, other international institutions and bilateral development agencies.

e. **Ensures Feedback and Knowledge Management:**

(i) Ensures feed-back of M&E results to the decision-making processes in the GEF at policy, program and project levels, and works with the Secretariat and Implementing and Executing Agencies in establishing a formal feedback mechanism.

(ii) Ensures follow-up on all M&E matters which require decisions.

- Participates in the development and maintenance of a comprehensive knowledge management system based on M&E and other findings and lessons.
- Reports to Council on outstanding M&E Unit recommendations and replenishment recommendations relating to M&E, with a focus on those relevant to the overall action plan.
- Communicates evaluation results to stakeholders and the general public.
ANNEX II

GUIDELINES FOR PARTICIPATION OF ALL RELEVANT GEF ENTITIES IN M&E EFFORTS

Introduction

1. M&E is a shared responsibility within the GEF partnership. The GEF Secretariat, the Implementing and Executing Agencies and the Scientific and Technical Advisory Panel (STAP) will cooperate closely with the GEF M&E Unit and will promptly respond to requests from the GEF M&E Unit for documents, data and any other information necessary to perform its functions. Management and technical staff Members participating in GEF-funded activities will also be asked to participate in M&E activities. Therefore a coordinated approach is required.

The GEF M&E Unit Duties and Responsibilities

2. The GEF M&E Unit will have the following primary duties and responsibilities:

   a. Prepare minimum M&E guidelines, standards and procedures relating to M&E components in project documents and all monitoring and evaluation activities.

   b. Manage evaluations of GEF’s overall performance.

   c. Conduct evaluations of strategic and operational topics, programs, project impacts, country portfolios, and cross-cutting issues, and any other matter approved by the Council.

   d. Coordinate the annual Project Implementation Reviews (PIR), the Specially Managed Project Reviews (SMPR) and the Terminal (project) Evaluation Reviews (TER).

   e. Report annually on GEF Project outcomes.

   f. Work with the Secretariat, the IAs and EAs to establish procedures to disseminate lessons learned and best practices emanating from the monitoring and evaluation activities, including through a formal feedback loop.

   g. Respond to Council requests.

GEF Secretariat Duties and Responsibilities

3. The CEO and Chairman will conduct the recruitment process for the M&E Director in an open and transparent way and nominate a candidate for the Council’s consideration. The GEF Secretariat will provide certain administrative support for the M&E unit. The Secretariat’s program and technical staff will cooperate with the M&E unit on a wide range of M&E activities including knowledge management and dissemination. In particular, the GEF Secretariat will:
a. Participate through the provision of requested information and inputs in all monitoring and evaluation reviews, studies and evaluations and the annual PIR and SMPR.

b. Ensure that findings and recommendations emanating from evaluation and monitoring activities are followed up with regard to GEF policies, programs and procedures, and that Council decisions are implemented.

c. Ensures that projects meet the minimum M&E standards before putting projects in the work program.

d. Participate in the identification of program-level indicators and the use of data for monitoring performance on program indicators.

e. Ensure that results and lessons identified through M&E activities are adequately reflected in public information about GEF, including the publication of all monitoring and evaluation reports.

**Implementing and Executing Agency\textsuperscript{2} Duties and Responsibilities**

4. The GEF Implementing and Executing Agencies have lead responsibility for:

   a. Designing monitoring and evaluation plans and performance indicators for projects and adequately monitoring the implementation of projects against the indicators.

   b. Reporting annually on project performance in the context of the PIR.

   c. Conducting terminal evaluations (which should consider impacts) of projects and programs, of capacity building and enabling activities. When appropriate, conducting mid-term and phase evaluations during project implementation.

   d. Ensuring that recommendations from evaluations are submitted for decision making within the Agencies, as appropriate, and reporting to the Council the follow-up on M&E recommendations.

   e. Making project evaluations publicly accessible and project documents available to the M&E team.

   f. Conducting impact evaluations of GEF projects at a suitable period after project completion.

\textsuperscript{1} Executing Agencies as defined in document GEF/C.13/3
g. Respond promptly and fully to GEF M&E Unit requests for information pursuant to any monitoring and evaluation study, evaluation or review. IAs and EA's must ensure that their staff are aware of the responsibility to provide such information.

h. Finally, the three GEF Implementing Agencies will support the M&E team and others within the GEF partnership on the following, as requested by the M&E team:

(i) Participating in developing M&E policies and identifying program indicators.

(ii) Participating in program studies, cross-cutting evaluations, SMPR and TERs.

(iii) Participate in the development of and the implementation of knowledge management.

(iv) Assisting with the facilitation of studies of GEF's overall performance.

Scientific and Technical Advisory Panel Duties and Responsibilities

5. The GEF Scientific and Technical Advisory Panel (STAP) will cooperate on scientific and technical matters with the M&E Unit on key aspects of the evaluation and monitoring work program, including the development of program indicators and scientific measurements of GEF results.

Participating Countries’ Roles

6. The GEF participating countries directly involved in an M&E activity (i.e. studies of a particular project) will be fully consulted, informed and briefed about the plans, the implementation and the results of the evaluation activity. Staff Members of the cooperating governments or institutions will be expected to participate in evaluations and respond promptly and fully to GEF M&E Unit requests for information relating to GEF projects. They will also be requested and encouraged to share relevant experiences prior to, during and following evaluations.

Stakeholders

7. M&E activities will be conducted with the participation of project stakeholders and beneficiaries, including those that carry out project activities (e.g., IAs, EAs, national and sub-national governments, local community groups, NGOs, the private sector, academic institutions, and co-financiers).
ANNEX III

GEF-3 RECOMMENDATIONS ON MONITORING AND EVALUATION

1. A strengthened monitoring and evaluation function within the GEF, built upon the monitoring and evaluation systems of the Implementing and Executing Agencies, is a necessary corollary to improved measurement of GEF outcomes and results. The establishment of a framework for monitoring and evaluation with clear indicators and the extension of monitoring and evaluation tasks to more strategic and programmatic issues should be integral components of the GEF monitoring and evaluation activities. The monitoring and evaluation framework should provide for the incorporation of the views of, and lessons emanating from, the recipient countries. Cross-learning within the GEF should be strengthened and accelerated so that GEF resources can be used more effectively.

2. Participants recommend that a high priority be placed on strengthening monitoring and evaluation of GEF projects. Participants also recommend that the roles and responsibilities for monitoring and evaluation among the GEF Monitoring and Evaluation Unit, the Secretariat and the Implementing and Executing Agencies be reviewed by the Council together with recommendations aimed at developing a partnership approach to monitoring and evaluation responsibilities in order to increase complementarity. Drawing upon its technical expertise, the GEF Secretariat and the Monitoring and Evaluation Unit should have a more participatory role in the Implementing and Executing Agencies’ project implementation reviews with regard to determining progress toward achieving GEF objectives while recognizing that accountability for project monitoring and supervision of implementation lies with the Implementing and Executing Agencies. More specifically, Participants recommend that the following actions be undertaken:

   (a) the GEF monitoring and evaluation unit, for purposes of evaluation, should be made independent, reporting directly to the Council, with its budget and work plan determined by the Council and its head proposed by the GEF CEO and appointed by the Council for a renewable term of five years;

   (b) a process for Council oversight of monitoring and evaluation should be established;

   (c) the GEF Secretariat and Implementing and Executing Agencies should establish a procedure to disseminate lessons learned and best practices emanating from the monitoring and evaluation activities;

   (d) a formal “feedback loop” should be established between evaluation findings and management activities to ensure more systematic use of the results and outputs of GEF projects for the improvement of planning and subsequent activities;

   (e) the GEF Secretariat and the Implementing and Executing Agencies are called upon to report annually to the Council on their response to relevant recommendations of OPS2 and the replenishment documents;
(f) the monitoring and evaluation unit should establish more rigorous minimum standards for GEF-specific aspects of projects relating to GEF policies and strategies expected of monitoring and evaluation units of the Implementing and Executing Agencies;

(g) as each of the Implementing and Executing Agencies has its own system for drawing lessons from operational experiences, the GEF monitoring and evaluation unit should facilitate more intensive interagency sharing of experiences relevant to the GEF;

(h) all projects should include provisions for monitoring the impacts and outcomes of projects, and those existing projects which do not have such provisions and which have more than two years left in their implementation should be retrofitted to meet such monitoring standards;

(i) the monitoring and evaluation unit should report annually to the Council on its work; and

(j) the monitoring and evaluation unit should be provided access to all project documents of the Implementing and Executing Agencies relating to GEF-financed activities.

3. Taking into account the above two paragraphs, Participants recommend that the monitoring and evaluation unit prepare a note for consideration by the Council at its meeting in October 2002 on the terms of reference for the independent monitoring and evaluation unit.