



GLOBAL ENVIRONMENT FACILITY
INVESTING IN OUR PLANET

GEF/ME/C.56/04
May 28, 2019

56th GEF Council Meeting
June 11–13, 2019
Washington, D.C.

Agenda Item 10

**MANAGEMENT RESPONSE TO THE SEMI-ANNUAL EVALUATION REPORT OF THE
INDEPENDENT EVALUATION OFFICE**

INTRODUCTION

1. The Secretariat welcomes the *Semi-Annual Evaluation Report of the Independent Evaluation Office: June 2019*¹, which presents the conclusions and recommendations of three evaluations completed by the Independent Evaluation Office (IEO) during the reporting period from December 2018 to June 2019, including:
 - a. GEF/ME/C.56/Inf.01, *Annual Performance Report 2019: Special Thematic Focus on Sustainable Transport*;
 - b. GEF/ME/C.56/Inf.02, *Value for Money Analysis of GEF Interventions in Support of Sustainable Forest Management*;
 - c. GEF/ME/C.56/Inf.03, *Evaluation of GEF Support to Scaling up Impact*.
2. This paper presents the Secretariat's management response to the above evaluations.

ANNUAL PERFORMANCE REPORT 2019: SPECIAL THEMATIC FOCUS ON SUSTAINABLE TRANSPORT

3. The Secretariat welcomes IEO's Annual Performance Report 2019, which has a special focus on the GEF's sustainable transport portfolio. The focus on sustainable transport is particularly relevant and timely considering that the GEF-7 Programming Directions for Climate Change Mitigation² give significant importance to this sector through the specific objective of promoting the uptake of electric mobility.
4. The Secretariat notes with appreciation the conclusions of the IEO's report and is pleased to note that the evaluation finds that the GEF's sustainable transport portfolio has evolved to meet the needs of GEF recipient countries, has been able to support the accelerated adoption and enhanced the viability of low-carbon approaches, and that it has leveraged relatively higher co-financing ratios compared to the overall GEF portfolio.
5. The report also finds that GEF support has been instrumental in facilitating the transformation of markets for sustainable transportation modalities, such as electric/hybrid and fuel-cell based mobility technologies in China, Malaysia and South Africa, as well as bus rapid transport (BRT) systems in several major cities, such as Mexico City (Mexico) and Dar-es-Salaam (Tanzania). The report also finds that GEF resources have facilitated dissemination activities combined with demonstrations and pilots that have been effective in promoting replication in other cities. This is positive, and the Secretariat is drawing on these lessons to inform the design of the programs and projects that will promote electric mobility in GEF-7.

¹ GEF/ME/C.56/01 (http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.ME_C56_01_SAER_June_2019_.pdf)

² GEF/C.54/19/Rev.03, *Summary of the Negotiations of the Seventh Replenishment of the GEF Trust Fund* (http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.54.19.Rev_03_Replenishment.pdf)

6. The Secretariat, however, disagrees with the methodology and associated conclusion that suggests that GHG emission abatement levels have been lower than what was estimated at the project design stage. It is the Secretariat's view that the same methodology should be used ex-ante and ex-post to estimate the performance of the portfolio in terms of carbon emission reductions. For results to be comparable, target results at CEO endorsement should be compared with what is reported at terminal evaluation, and not with an adjusted version of that, especially if the methodology used at CEO endorsement is different from the one used for the IEO evaluation. If adjustments in the GHG abatement results reported at terminal evaluation stage are considered necessary, then the initial expected targets should also have been retrospectively adjusted to allow comparability and to determine whether the projects met their targets as defined at project outset. This not being the case, the Secretariat does not subscribe to the conclusion that the results generated at project closing were significantly lower than those expected at project start.

7. Recommendation 2 suggests that the GEF should continue to prioritize funding for capacity development, urban and transport planning, and policy and regulatory framework development activities, and restrict support for civil works to pilot and/or demonstrate sustainable transport approaches. In this respect, while support to "soft" project components, such as institutional capacity development and technical assistance for regulatory and policy reforms, will remain a key focus in GEF-7 and beyond, the Secretariat believes that, in some cases, GEF support to investment components should not only be possible but also desirable. This is the case for those GEF operations that support pilot projects with demonstration phases that are intended to be scaled up at a later stage (i.e. piloting new electric buses or new mini-grids in rural contexts). GEF grants used as investment components can play an important role in de-risking private sector investments in new technologies and, as such, should not be excluded ex-ante from the menu of possible activities to be supported with GEF resources.

VALUE FOR MONEY ANALYSIS OF GEF INTERVENTIONS IN SUPPORT OF SUSTAINABLE FOREST MANAGEMENT

8. The Secretariat welcomes the overall conclusions and findings of the value for money analysis of the GEF's investments in sustainable forest management (SFM) and appreciates the global-scale findings, which indicate that the GEF's SFM project portfolio has had positive impacts in terms of carbon sequestration, vegetation density, and deforestation, as well as small, positive impacts on socio-economic benefits.

9. The value for money analysis suggests that SFM investments provide positive returns on investment after 4.5 years based solely on the value of carbon in above-ground biomass. This is positive and should be seen in the context that GEF SFM projects are designed for multiple objectives and are likely to generate additional benefits as they also address either biodiversity or land degradation objectives, or both.

10. The impact on avoided deforestation of 4,875 square km (2.5 km² per intervention location) is also positive. In this context, it is important to consider that the objective of many

GEF SFM projects is to avoid further degradation of existing forests. Hence, GEF projects are usually implemented in areas where the reference scenario has comparably low deforestation rates. Therefore, in addition to avoided deforestation, GEF interventions are likely to contribute to avoided degradation of forests.

11. With regard to socio-economic benefits, the preliminary findings from the local-level country case study analysis are promising, suggesting that GEF SFM projects have had a significant, positive impact on household assets in Uganda. The Secretariat takes note that in absolute terms, we find that the presence of a GEF project can result in – on average – approximately US\$310 additional household assets compared to areas that do not have a GEF project.

12. Recommendation 1 suggests improving geographic precision in recording and reporting project locations. The Secretariat agrees that improving geographic precision will allow for robust monitoring and evaluation of progress and results, which are directly attributable to the GEF intervention.

13. Recommendation 2 suggests capturing socio-economic co-benefits of interventions using a spatial approach. The Secretariat agrees that using additional socio-economic indicators rather than focusing solely on the number of beneficiaries would be an added benefit. Project-specific indicators that are part of the project's overall result framework are included in the project document. However, at the portfolio level it is not practical to aggregate socio-economic indicators as they are often site-specific and activity-specific, and not suitable for setting targets.

14. Regarding Recommendation 3, the Secretariat is supportive of the continued adoption of innovative experimental or quasi-experimental design elements in projects to generate data and improve the evidence base using quasi-experimental designs or randomized control designs, such as that applied in Uganda.

EVALUATION OF GEF SUPPORT TO SCALING UP IMPACT

15. The Secretariat takes note of IEO's efforts to evaluate the GEF's support to scaling up impact³. The evaluation addresses a relevant issue given the GEF's focus on achieving impacts at scale in response to growing threats to the global environment – and it correctly notes that this is emphasized in both GEF 2020⁴ and the GEF-7 Programming Directions⁵. **However, in the Secretariat's view, the analytical framework and limited depth of analysis prevent robust conclusions and recommendations, and the Secretariat does not agree that the evaluation's recommendations would be a good basis for enhancing the GEF's ability to achieve impact at scale.**

16. The evaluation's quantitative results (Chapter III) are of limited relevance, as they appear to be largely derived from case studies in which a GEF-funded "pilot" is followed by a GEF-funded "scaling up" phase. The Secretariat recognizes that early cohorts of GEF-financed projects (more than half the projects reviewed were approved in GEF-3 or earlier) often applied this logic, but the Secretariat is of the view that such an approach to scaling up is excessively narrow and unlikely to be a good guide for ongoing or future work. The evaluation acknowledges that the GEF 2020⁶ and the GEF-7 Programming Directions⁷ set a clear vision and goal to scale up GEBs. The main pathways to achieve higher impacts identified under GEF 2020 and operationalized under GEF-6 and GEF-7 Programming Directions are a driver-focused approach, integration across focal areas, catalyzing systems change, and mobilizing multi-stakeholder coalitions. The Secretariat finds that the results presented in the evaluation are of limited relevance to this strategy and approach to achieving impact at scale.

17. The evaluation's review of factors and enabling conditions affecting scaling up (Chapter IV) mostly repeats earlier IEO findings. As also emphasized in the evaluation, it confirms earlier findings by the IEO that factors like ownership, political support, incentives, enabling frameworks, multi-stakeholder interaction, institutional capacity development, etc. are important for scaling up. The Secretariat acknowledges that this is a useful re-confirmation, but believes that these lessons are already well-incorporated into GEF strategy, policy, and guidelines.

18. The evaluation's assessment of more recent projects and programs, which is based on its proposed framework for scaling up, is – in the Secretariat's view – cursory and ill-adapted to

³ GEF/ME/C.56/Inf.03, *Evaluation of GEF Support to Scaling up Impact* (http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.ME_C56_Inf.03_Evaluation_of_GEF_support_to_Scaling-Up_Impact_May_2019.pdf)

⁴ (<http://www.thegef.org/publications/gef-2020-strategy-gef>)

⁵ GEF/C.54/19/Rev.03, *Summary of the Negotiations of the Seventh Replenishment of the GEF Trust Fund* (http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.54.19.Rev_03_Replenishment.pdf)

⁶ (<http://www.thegef.org/publications/gef-2020-strategy-gef>)

⁷ GEF/C.54/19/Rev.03, *Summary of the Negotiations of the Seventh Replenishment of the GEF Trust Fund* (http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.54.19.Rev_03_Replenishment.pdf)

the programming strategies under which recent projects and programs were designed. In its review of the GEF-6 Integrated Approach Pilot programs (IAP), for example, the evaluation appears to focus mainly on explicit references to “scaling up”, while it does not mention at all the theories of change developed for each IAP, which articulate the programs’ intended pathways towards longer-term and larger-scale impacts.

19. **For the reasons described above, the Secretariat disagrees with evaluation’s first recommendation.** The Secretariat does not believe that there is a need for the GEF Partnership “to develop a framework for scaling up global environmental benefits that reflects a common understanding and definition of scaling up in the GEF context, and from which the partnership can develop guidelines for scaling up activities at different stages of the approval process” (Recommendation 1). The Secretariat believes that GEF 2020⁸ as well as the GEF-6 and GEF-7 Programming Directions⁹ set out sufficiently clear pathways to impacts at scale that are adapted to the specific opportunities and constraints of different programs and focal areas.

20. Specifically, the GEF-7 Impact Programs seek transformational change in economic systems as the primary pathway for delivering higher impact. This is reflected in the theories of change designed for each Impact Program. The GEF focal areas have also identified suitable pathways to achieve higher impact. The Biodiversity Focal Area has shifted its focus from individual protected areas to the mainstreaming of biodiversity in larger landscapes and in government policies across various sectors. The Climate Change Mitigation Focal Area is explicitly focused on innovations in key energy and technology sectors that countries and the private sector can scale up with enhanced market mechanisms and more robust financial flows. In the International Waters Focal Area, the scaling up framework is dependent on governance models appropriate for managing transboundary freshwater and marine resources. The Chemicals and Waste Focal Area seeks to develop or enhance public-private partnerships that can mobilize additional financial resources. The Land Degradation Focal Area has evolved from almost exclusive local action to the setting and implementation of national Land Degradation Neutrality targets embedded in sustainable land-use planning better suited for scaling up impact. **A single framework for scaling up would risk unnecessarily constraining the approaches currently available to deliver impacts at scale across a diverse set of GEF focal areas and programs.**

21. In Recommendation 2, the evaluation suggests that “[t]he GEF partnership should consider measuring and reporting results against the scale of the environmental problems it is addressing [and that] [p]rojects and programs that are linked to achieve impacts at scale must have common indicators”. The recommendation is related to Conclusion 3, which notes, *inter alia*, that “[t]he GEF’s results framework provides corporate targets for GEBs for the current

⁸ (<http://www.thegef.org/publications/gef-2020-strategy-gef>)

⁹ GEF/C.54/19/Rev.03, *Summary of the Negotiations of the Seventh Replenishment of the GEF Trust Fund* (http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.54.19.Rev_.03_Replenishment.pdf)

replenishment period [, and that] [t]hese targets are not set or tracked relative to the specific spatial and temporal scales of the environmental issue that needs to be addressed, but to the amount of funding available for a project, program or replenishment period”.¹⁰

22. The Secretariat agrees fully with the recommendation that programs and otherwise linked projects should apply common indicators to enable monitoring of and reporting on results at a larger scale. The evaluation overlooks the fact that this principle is incorporated in the proposed *Policy on Monitoring*¹¹ as well as the latest generation of GEF programs, consistent with a similar recommendation made in the 2017 *Evaluation of Programmatic Approaches*¹². The Secretariat also agrees that certain projects and programs – particularly those aiming to catalyze transformational change across entire systems – should consider carefully tailored approaches to measure and monitor progress towards their longer-term objectives.

23. In contrast, in the Secretariat’s view it could be counterproductive to introduce additional monitoring and reporting requirements related to results against the scale of the environmental problems that the GEF is addressing across the full spectrum of GEF projects and programs. The GEF-7 results architecture¹³ and associated core indicators and sub-indicators¹⁴ have been developed and agreed through a careful, consultative process with a view to promoting, *inter alia*, simplification around fewer, more relevant indicators, and clear technical definitions and methodological guidance for improved quality of data. While certain projects and programs could apply additional indicators related to higher-level targets, the Secretariat believes that it is critical to ensure that direct, project-level outcomes are captured in a systematic and reliable manner in support of accountability, learning, and evidence-based decision-making.

24. **Overall, given the limitations highlighted above, the Secretariat is of the view that the recommendations of the *Evaluation of GEF Support to Scaling up Impact*¹⁵ should not be endorsed at this juncture.** While the evaluation sheds important light on some of the GEF’s early experiences of scaling up, as well as the challenges of operationalizing the concept, the Secretariat believes that its recommendations – if implemented – would be of questionable benefit and could risk unnecessarily burdening the GEF Partnership.

¹⁰ GEF/ME/C.56/Inf.03, *Evaluation of GEF Support to Scaling up Impact*

(http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.ME_C56_Inf.03_Evaluation_of_GEF_support_to_Scaling-Up_Impact_May_2019.pdf)

¹¹ GEF/C.56/03 (<http://www.thegef.org/sites/default/files/council-meeting-documents/GEF-C.56-03%2C%20Policy%20on%20Monitoring.pdf>)

¹² (<http://www.gefio.org/evaluations/evaluation-programmatic-approaches-gef-2017>)

¹³ GEF/C.54/11/Rev.02, *Updated Results Architecture for GEF-7* (http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.54.11.Rev_02_Results.pdf)

¹⁴ ME/GN/02, *Guidelines on Core Indicators and Sub-Indicators* (http://www.thegef.org/sites/default/files/documents/Results_Guidelines.pdf)

¹⁵ (http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.ME_C56_Inf.03_Evaluation_of_GEF_support_to_Scaling-Up_Impact_May_2019.pdf)