

51th GEF Council Meeting
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Agenda Item 10

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

INTRODUCTION

1. The Secretariat welcomes the October 2016 *Semi-Annual Evaluation Report by the Independent Evaluation Office (IEO) (GEF/ME/C.51/01)*, which presents progress towards the Sixth Comprehensive Evaluation of the GEF (OPS6). The report includes the findings and conclusions of two completed studies:

- (a) *International Waters Focal Area Study (GEF/ME/C.51/Inf.01)*; and
- (b) *Value for Money Analysis of GEF Land Degradation Projects (GEF/ME/C.51/Inf.2)*.

2. In addition, the Report contains the emerging findings from three ongoing evaluations that address:

- (a) the GEF's engagement with the private sector;
- (b) the chemicals and waste focal area; and
- (c) the GEF's support in policy, legal and regulatory reform in countries.

3. This management response by the Secretariat focuses on the aforementioned, completed studies, while offering preliminary views on the ongoing work presented.

INTERNATIONAL WATERS FOCAL AREA STUDY

4. The *International Waters Focal Area Study* set out to provide insights and lessons for the seventh replenishment of the GEF Trust Fund (GEF-7), and it is a valuable contribution in this context.

5. The Secretariat agrees with the finding that international waters (IW) investments and strategies demonstrate a high-level of contemporary relevance, and that "the focal area is particularly suited [...] to contribute to the achievement of a number of Sustainable Development Goal (SDG) targets". The Secretariat takes note of the largely satisfactory performance of IW investments, and welcomes the study's recognition of the high level of broader adoption and pioneering efforts in knowledge management. The study further underscores the potential for IW to provide a context for integration across focal areas.

6. The Secretariat takes note of the areas of concern identified and appreciates the study's suggestions for consideration. The study finds that the relative share of IW investments in freshwater systems has declined in recent years, whereas investments in marine projects have increased. The Secretariat agrees, as the study suggests, that this gradual shift is in part due to the less complex transboundary settings of the marine domain. The Secretariat recognizes the need for continued investment in freshwater systems and the associated opportunity to achieve multiple global environmental benefits and socio-economic co-benefits, and it will explore opportunities to strengthen this part of the IW portfolio. As IEO works to finalize its recommendations to the Council, the Secretariat and the broader Partnership as part of the OPS6 process, the Secretariat believes that the following should be taken into consideration:

- (a) The Secretariat recognizes that more flexible approaches may be valuable in laying the groundwork for transboundary collaboration, but it also believes that there are significant risks associated with using limited IW resources for national projects rather than transboundary collaboration. Such a directional change would likely increase risks and hence would merit more careful consideration.
- (b) The study points to the challenges of private sector engagement in the IW focal area. The issues highlighted are shared across the GEF's different areas of work. Accordingly, as the IEO advances OPS6 the Secretariat sees a possible opportunity to further differentiate between findings and recommendations that are specific to each focal area, and ones that are of broader institutional relevance, such as those related to private sector engagement.
- (c) The study further suggests that the GEF "consider the application of the comprehensive set of SDG indicators of land cover, land productivity, and carbon stocks in IW programmatic approaches". The Secretariat welcomes the suggestion, which again has broader relevance beyond the IW focal area, but cautions that such indicators should be applied only where relevant.

VALUE FOR MONEY ANALYSIS OF GEF LAND DEGRADATION PROJECTS

7. The *Value for Money Analysis of GEF Land Degradation Projects* represents an innovative effort to explicitly quantify (i) the key global environmental benefits attributable to GEF land degradation (LD) projects; and (ii) the value for money resulting from the impacts of such projects in terms of carbon sequestration.

8. The study offers valuable insights into the spatial contexts in which the GEF invests. The Secretariat appreciates in particular the way in which the study captures the varied geographies in which LD projects operate, the variation in impacts, and the finding that projects are implemented primarily in degraded areas.

9. The Secretariat welcomes the finding that LD projects yield an average of US\$7.5 million in benefits associated with carbon sequestration, against a mean project cost of US\$4.2 million. This excludes the value of other global environmental benefits as well as local benefits.

10. Beyond the value for money resulting from carbon sequestration, the Secretariat appreciates the finding that LD projects had, on average, positive impacts across all three indicators examined: (i) increasing NDVI by approximately 0.03 (relative to an average NDVI of 0.55), (ii) reducing forest loss by 1.3 per cent (relative to a global mean of 2.4 per cent forest loss in all areas), and (c) increasing the average size of forest patches by 0.25 square kilometers (relative to a global mean of 7.3 square kilometers).

11. The report makes two suggestions for consideration by the Council, the Secretariat and the GEF Partnership: (i) identify the geographic contexts in which similar projects have historically succeeded – and failed – in order to put in place appropriate safeguards and mitigation efforts a priori; and (ii) collect consistently the precise geographic details of LD

investments in order to leverage decades of satellite and other spatial information. The Secretariat will take these suggestions into consideration in future LD project planning and design.

EMERGING FINDINGS FROM ONGOING EVALUATIONS

12. The Secretariat notes with appreciation the progress made by IEO in advancing other key elements of OPS6, and the emerging findings presented in the Semi-Annual Evaluation Report.

13. On the GEF's engagement with the private sector, the Secretariat takes note of the overall finding that the private sector portfolio outperforms the non-private sector portfolio in achieving market change. The Secretariat also welcomes the portfolio overview, which captures well the progress made in applying the GEF's influencing models for private sector engagement. The findings highlight one among many transformational investments, while recognizing the GEF's achievements in convening multi-stakeholder alliances and weaving private sector strategies into standard projects.

14. The Secretariat appreciates the survey responses from 60 stakeholders, including 30 external private sector stakeholders, which underscore the degree to which environmental sustainability is mainstreamed into private sector strategies and business models. The responses further suggest that the GEF can add the most value by removing barriers for mainstream capital, rather than through direct investments. The Secretariat also notes the feedback that it could strengthen its outreach to potential private sector partners, and that there is scope to further clarify the GEF's specific added value and improve operational efficiency.

15. The chemicals and waste (CW) focal area study aims to "assess the relevance of the CW strategy to the guidance of the Conventions, present a synthesis of CW results and identify lessons learned for GEF-7". The Secretariat notes the findings that the GEF-6 strategy largely reflects the guidance of the Stockholm and Minamata Conventions; and that 78 per cent of completed CW projects have outcome ratings in the satisfactory range.

16. The third set of emerging findings are from an on-going study on the GEF's support towards policy, legal and regulatory reform. The Secretariat welcomes IEO's efforts to address these topics in a cross-cutting manner, given their importance for the broader role and added value of the GEF. The Secretariat appreciates the rich collection of examples of projects and enabling activities that have contributed towards policy, legal and regulatory reform. The Secretariat also takes note of the emerging findings that the pace of legal and regulatory reform should be realistically assessed at project design, and that policies and laws should not be seen in isolation from the institutional capacity and resources required for their implementation.