



The Catalytic Impact of the GEF

Statement of the Director of the GEF Evaluation Office to the Assembly, May, 2010

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Four years ago, at the 3rd Assembly meeting of the GEF in Cape Town, I presented the Third Overall Performance Study of the GEF. One of my main points was that replenishments of the GEF had leveled off in absolute terms and had decreased in purchasing power. In the Fourth Overall Performance Study, which is an official document of this Assembly, we have further developed this into four levels of underfunding for global environmental issues. One of these is outside the scope of the GEF, but three are.

The first level concerns the context in which the GEF operates, outside the direct reach of the GEF. In OPS4 we have looked at authoritative assessments of the costs of solving the global environmental problems. All of these assessments show that these costs are increasing dramatically. Climate Change adaptation has become an urgent issue that needs to be addressed. Fresh water is becoming increasingly scarce. New chemicals have been added to the list that needs to be removed from our environment. The achievements on ozone depleting substances are being threatened because it is too costly to destroy stockpiles.

If development throughout the world continues on its current track, there will be an increasing gap between what is happening in the GEF and similar environmental funds, and what is being done outside the GEF, in “business as usual” development. Within the confines of the GEF, we may be quite successful in reducing biodiversity loss, reducing green house gas emissions, carbon sequestration, land degradation, the threat of chemicals, but we cannot expect our relatively small contributions to save the planet. Yet at the same time we know that the GEF, nor its partners, can solve this issue – it is the world community that needs to address this. We can and should continue to ask attention for this – but it is clear that the time may not yet be ripe for collective action, because disagreements continue on what should be done and by whom. I am reminded of a famous saying of Dr. Dorothy Height, an African American civil rights activist in the United States, who supported Dr. Martin Luther King and continued to support the struggle

for civil rights until her recent death. She used to say: “if the time is not ripe, we have to ripen the time” and this is the challenge that all of us involved in trying to solve the global environmental problems are facing.

The second level of underfunding concerns the GEF replenishments. In OPS4 we conclude that the GEF has been underfunded up to and including GEF-4, given the scope of its agenda, the guidance of the conventions, and its mode of operation. Replenishments had levelled off after GEF-1, while the purchasing power of GEF funds was reduced by 17 percent since 1994, two focal areas were added, more than 100 requests and directives were received from the conventions, and the GEF became operational in many more countries since its inception. As evaluators we should not determine how much money is being channeled through the GEF – however, what we deeply care about, is the balance between the funding and the expectations of what can be done with this money. We concluded that for GEF-4 on the one hand funding had declined in real terms and on the other hand the aims and goals of the GEF had multiplied. This is a recipe for disappointment.

The fifth replenishment has restored the balance between available means and the ambitions of the GEF in two ways. First of all, the downward trend has been reversed and with an increase of more than fifty percent in new funding, purchasing power has also increased for the first time since GEF-1 to a more healthy 126%. Secondly, the replenishment package that was approved by the GEF Council on Monday May 24 has been adjusted to ensure that aims and goals match the funding available for GEF-5. We will come back to this issue in OPS5.

GEF replenishments and purchasing power						
Phase:	Pilot	GEF-1	GEF-2	GEF-3	GEF-4	GEF-5
New money (in \$m):	843	2,012	1,687	2,095	2,169	3,498
Purchasing power:	46%	100%	78%	90%	83%	126%

The third level of underfunding of the GEF concerns the modalities of support. OPS4 has done some innovative work on the catalytic role of the GEF and how this is related to the impact that the GEF aims to achieve. Throughout evaluations during GEF-4 the Evaluation Office gained a better understanding of why GEF activities were achieving success. The GEF’s catalytic role – one of its defining principles as codified in the GEF instrument – is embodied in its three-pronged approach of **foundational**, **demonstration** and **investment** activities.

In OPS4 we have categorized all GEF activities from the pilot phase to June 30, 2009, and we concluded that this model has worked well in middle income countries. However, we found that in small island developing states, least developed countries and fragile states the GEF remained more or less at the level of laying a foundation for future work, with some efforts made toward demonstrating innovation and market barrier removal. Investments were facilitated for only a few countries in these groups. Table 7 from OPS4 shows the distribution of GEF supported national projects over groups of countries and demonstrates that for example in small island developing states 75 percent of activities were foundational, whereas in middle income countries this has been reduced to 35 percent over time. In theory many elements in the replenishment package, as

well as the higher replenishment level, should redress this imbalance. OPS5 will of course aim to gather evaluative evidence on whether this succeeded.

TABLE 7 DISTRIBUTION OF GEF NATIONAL PROJECTS BY ACTIVITY CATEGORY FOR VARIOUS COUNTRY GROUPS (%)

ACTIVITY CATEGORY	FRAGILE STATES	SMALL ISLAND DEVELOPING STATES	LEAST DEVELOPED COUNTRIES	LAND-LOCKED COUNTRIES	OTHER COUNTRIES ^a	ALL NATIONAL PROJECTS
Foundational	69	75	61	53	35	47
Demonstration	23	21	30	39	52	43
Investment	6	3	7	6	11	9
Unable to assess	1	1	2	2	2	2
Total	100	100	100	100	100	100

Source: GEF Project Management Information System, through June 30, 2009.

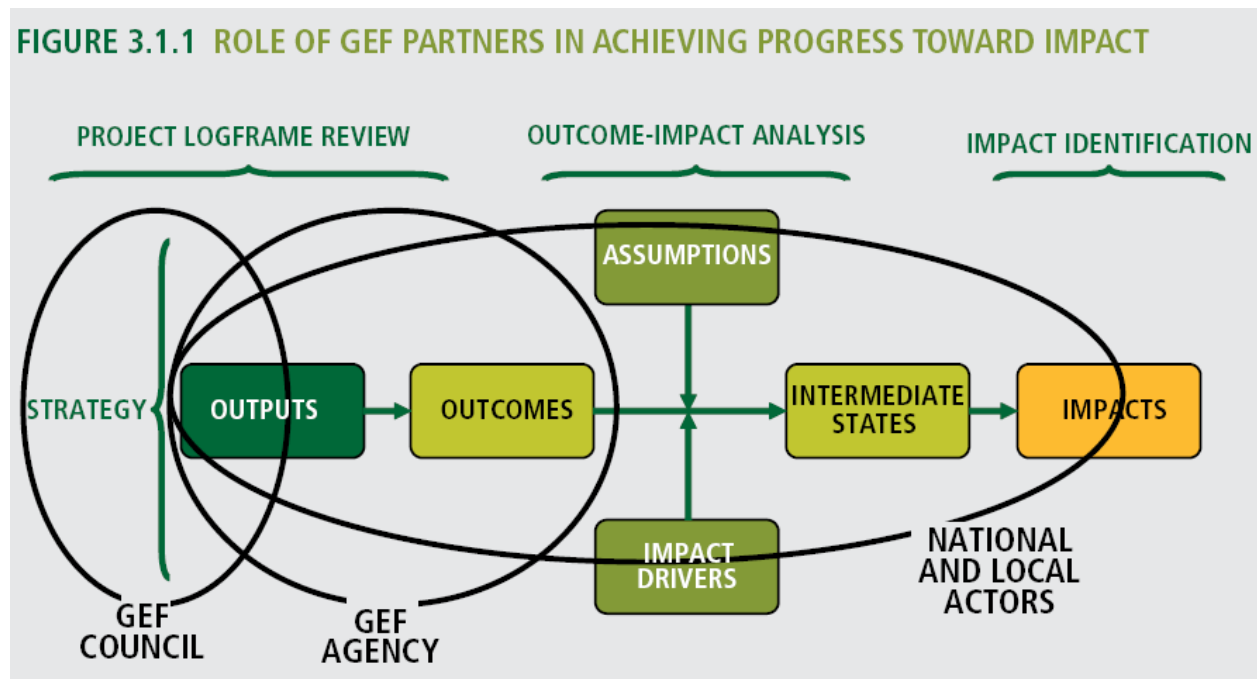
a. Other countries are those that are not fragile, small island developing states, least developed countries, or landlocked countries.

How then is impact achieved in the GEF? First of all it needs to be recognized that the full impact of most projects will only be achieved over many years. A good example is the ozone layer, which scientists have calculated will take 50 years to fully recover. Many other global environmental problems would take from 20 to 30 years to be fully solved, such as restoring the health of a fragile ecosystem, or replenishing fish stocks in an overfished area. Projects may show definite impact at the end of their implementation – for example, through safeguarding a particular endangered species in a fragile ecosystem. Many of these initial impacts are of a small scale and not in themselves sufficient to ensure the longer term success of the intervention. After a project has ended, it is up to the national government and local communities to ensure that a fragile ecosystem continues to recuperate, that markets continue to transform and grow, that greenhouse gas reductions increase, and so on.

For this reason OPS4 has developed an assessment methodology that shows whether or not the further, broader goals beyond the GEF support are being addressed. This assessment of progress toward impact shows that for the full projects finished during GEF-4, 70 percent show moderate to solid progress toward impact. The full report of OPS4 contains chapters in which the achievements in each focal area are shown and demonstrated – and these achievements are considerable. During the side event Wednesday morning we will discuss more in detail what was achieved in the focal areas of the GEF. In climate change the GEF succeeded beyond its GEF-4 target in greenhouse gas emission reductions and has achieved considerable success in sustainable market changes. In biodiversity, the GEF has made considerable progress in achieving conservation and sustainable use through more effective management of protected areas and mainstreaming biodiversity in productive land- and seascapes and sectors. However, funding for biosafety activities has not kept up to support national frameworks that have been developed. In international waters the GEF has been instrumental in promoting new international and regional agreements on transboundary water bodies, which has led to stress reduction of pollution and over-fishing. In the ozone layer depletion focal area, important impacts on stress reduction were achieved, as both production and consumption of ozone depleting substances has been very successfully stopped in countries with economies in transition. However, new threats have meanwhile appeared on the horizon: the stockpiles need to be destroyed, as they may re-

enter the atmosphere if their containment fails over time or if illegal trade in these substances increases. The other focal areas are too new to show any impact yet – but I’m sure OPS5 will have more to say on that.

The causal chain and the time-line toward achieving the broader impact are illustrated in figure 3.1.1 of the full OPS4 report:



OPS4 concludes that the crucial importance of national and local actors for progress toward impact shows the value of a portfolio approach at the national level, which enables recipient countries to fully support and maximize progress toward global environmental benefits. Important shifts have taken place in the past four years in this regard. In GEF-4 the Evaluation Office started to do Country Portfolio Evaluations, first on an experimental basis. These evaluations demonstrated the importance of the national dimension to solving global problems, and this has now been further taken up in the replenishment package as approved by the Council, which enables countries to identify their GEF-5 portfolio at an early stage with GEF support, if they would be so inclined. This is positive news and again OPS5 will later report to the next Assembly on how this new modality worked out.

The last level of underfunding that I need to report on is the performance level. One of the most influential evaluations in the GEF was the Joint Evaluation of the GEF Activity Cycle and Modalities. This evaluation demonstrated that the project cycle of the GEF was broken beyond repair; waiting times for approval varied between on average 44 months for proposals that cut some corners, and 66 months for proposals that carefully went through all approval steps. This was the situation that the current CEO, Monique Barbut, inherited when she arrived at the GEF. It has also been the source of great frustration in agencies and in countries. The CEO and the Council took immediate steps to redress the situation, which led to a new cycle of key GEF decision points, with a target of no more than 22 months for approval. This target seems to be

within reach for GEF-4. In OPS4 we gathered proof that the delays up to GEF-4 were caused by insufficient funding. In other words: before GEF-4, in the old situation, there were more good and solid proposals in the pipeline than could be funded. As a result, many proposals were delayed.

Many elements now seem to be in place to prevent similar problems in the future. The new allocation system provides transparency to countries on how much money they can plan for in climate change, biodiversity and land degradation. The support to national portfolio identification will also help in this regard. I should specifically mention land degradation in this regard, as many countries felt they should have received GEF support in GEF-4, yet this did not materialize. Whether they receive support on land degradation in GEF-5 will now depend on their own initiative, since the funding has been secured in the new STAR system.

On many issues the performance of the GEF seems excellent and equal or better than other multilateral organizations. On outcome ratings of projects the GEF has outperformed its GEF-4 target of 75 percent satisfactory outcomes. Resources are managed relatively well in the GEF, but improvements are possible, for example in learning and knowledge management. Also on governance the model of the GEF compares well to that of other international organizations. But OPS4 also reports on tensions within the partnership, that arise from programming and project identification issues and that are related to fundamental questions on the appropriate roles of the GEF partners. The replenishment package provides elements to ensure more transparency in this regard. On performance in general the Evaluation Office will continue to follow what is happening with great care and interest, because without a good and solid performance, the achievements and impacts that we aim for, will also be outside of our reach.

OPS4 identifies tensions in the pre-identification phase of projects as the most problematic in the GEF. Before project proposals are allowed to enter into the pipeline, a vague and misty game is being played by agencies, focal points, ministries, consultants, potential executing agencies, and none of this is transparent or open to analysis up to the moment that the project identification form is finally submitted to the GEF. This pre-PIF phase is not clearly identified in the GEF. In many if not most other organization it has a name: the programming phase. I am happy to report to the Assembly that the replenishment package puts many elements in place that would potentially reduce this tension dramatically, most importantly through the support to national programming of the GEF-5 allocation, if countries would prefer to do so.

The partnership of the GEF has an added value to bring to solving global environmental problems. Each agency brings its own expertise, perspective and mandate to bear upon the issues. Countries can choose which agency should help and support them. However, the partnership is not the goal: solving the environmental problems is. For this to succeed, the partnership must also be open and transparent and business-like. Agencies can do many things on their own, but what they cannot do is act on behalf of the multilateral environmental agreements, which is the last and perhaps most important partnership that brings added value to solving global environmental problems. The relationship between the conventions and the GEF is both a blessing and somewhat problematic. It is a blessing because the GEF can provide countries with the funding necessary to support directly national concerns on environmental issues, enabled through the fact that countries have signed up to the responsibilities and duties that they face in implementing the conventions. Somewhat problematic, because the conventions tend to provide too much

guidance. OPS4 asks for further interactions between the GEF and the conventions to improve and focus guidance, and it recommends that guidance should be prioritized at the national level, rather than the global level.

Let me conclude with the main points of OPS4.

To the extent that its overall funding level permits, the GEF is **relevant** both to the conventions and to regional and national priorities.

GEF projects are **effective** in producing outcomes, with their average satisfactory score over the GEF-4 period of 80 percent exceeding the international benchmark of 75 percent.

The **sustainability** of these outcomes, as measured by progress toward **impact**, is good. Seventy percent of finished projects see progress toward global environmental benefits, although further follow-up action from national partners is essential to achieve these benefits.

The **efficiency** of the GEF can and should be further improved, with emphasis on programming, less time lost on project identification, better project formulation, an enhanced fee structure, more integrated learning, and a results-based management framework that includes progress toward impact measurements.

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