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Agenda Item 09

**MANAGEMENT RESPONSE TO THE IEO STRATEGIC COUNTRY CLUSTER EVALUATION:
GEF SUPPORT TO DRYLANDS COUNTRIES**

Recommended Council Decision

The Council, having considered documents *GEF/E/C.66/01, Strategic Country Cluster Evaluation: GEF Support to Drylands Countries, Volume 1: Main Report*, and *GEF/C.66/14, the Management Response*, takes note of the related evaluation recommendations and endorses the management response to address them.

Table of Contents

Introduction	1
Recommendations	2
Conclusion.....	6

INTRODUCTION

1. The GEF Secretariat welcomes the IEO " Strategic Country Cluster Evaluation: GEF Support to Drylands Countries, Volume 1: Main Report", which is the first comprehensive evaluation of GEF support to drylands based on a global portfolio of 195 projects with a focus on drylands¹. The Secretariat agrees with the evaluation analysis, findings, conclusions, and recommendations. The evaluation assesses the outcomes and performance of this diverse portfolio of projects and programs implemented in drylands, provides valuable lessons learned and recommendations to further enhance GEF's impact in the specific context of drylands.

2. The GEF Secretariat is encouraged by the IEO findings that confirm the relevance of GEF support and the increasing attention in its strategies and programming to drylands over time. The GEF Secretariat takes note of the IEO's acknowledgment that GEF support in drylands has progressively moved from single to multifocal in nature, and from a project-based to an integrated, programmatic approach, in particular through the GEF-7 Drylands Sustainable landscapes Impact Program, which is strongly aligned with helping countries achieve Land Degradation Neutrality targets and commitments under the UNCCD.

3. The GEF Secretariat is pleased by the IEO's findings that GEF performed well overall and delivered global environmental benefits and associated socioeconomic co-benefits across dryland areas, although less so in pastoral lands. The evaluation confirms that GEF projects in drylands countries have delivered satisfactory outcomes at a comparable rate to the overall GEF portfolio across all aridity sub-habitats and completed drylands projects reported positive environmental and socioeconomic benefits.

4. The GEF Secretariat appreciates that the evaluation highlights the challenging context of drylands, where environmental and social trade-offs can be quite consequential, with serious implications for the resilience and livelihoods of the people who live in drylands. Countries with high proportions of dryland areas face numerous environmental challenges including water scarcity, high climate variability, land degradation, desertification, and drought. These countries also face heightened challenges to human well-being in terms of poverty, food security and nutrition, rural livelihoods, weak land tenure security, and conflicts. Working at the nexus between environment and socioeconomic development is even more crucial in drylands than in many other developing regions. In this context, the Secretariat notes that while GEF drylands projects often identify policy misalignments; however, national policy coherence at design does not automatically translate into local policy coherence during implementation.

¹ The portfolio amounts to USD 1.1 billion of GEF funding since the start of GEF-4, representing 5.2 percent of total GEF funding during that period, with co-financing of USD 8.1 billion. For these 195 projects, 81 percent of the funding was provided by the GEF Trust Fund, 6 percent by the least Developed Countries Fund (LDCF), 1 percent by the Special Climate Change Fund (SCCF), and 12 percent by multi-trust fund combinations of these three funds.

RECOMMENDATIONS

RECOMMENDATION 1: *As the GEF prepares to design and implement an official policy coherence framework for GEF-8, the Secretariat should ensure that guidance to enhance policy coherence through GEF operations includes a focus on subnational and local levels. The most recent policy coherence documentation from the GEF Secretariat does not refer to these levels, although they are addressed in length in a STAP brief on the topic². This evaluation has demonstrated that even in contexts of decentralization, policy coherence at lower levels of governance remains elusive. As the GEF Secretariat develops guidance for and assesses policy coherence in GEF projects, it should give sufficient emphasis to supporting institutional coordination mechanisms and coherent implementation of policies at subnational and local levels. Improving resource use norms, sanctions, and bylaws at local levels can be an effective and realistically ambitious strategy to enhance policy coherence. Especially in drylands contexts, a greater reliance on phased, longer-term, and integrated approaches will also support effectiveness in enhancing policy coherence.*

5. The GEF Secretariat agrees with this recommendation, with the understanding that its formal agenda on policy coherence has only recently begun in October 2023. The initial focus is therefore intended to be at the national level, and based on those learnings the GEF Secretariat will work on how best to address governance at different levels of spatial scale.

6. Policy coherence is key to reducing the funds needed for nature-financing, increasing and sustaining the impact of nature funding flows, aligning private and public investments to the international convention agreements, and increasing national and global environmental benefits. Policy coherence is being progressively mainstreamed in global dialogues as a critical mechanism in the achievement and sustainability of global environmental benefits.

7. In recognition of the importance of this agenda and in response to a GEF-8 replenishment commitment, the GEF Secretariat brought to the 65th GEF Council in October 2023 a paper that presented for discussion several options to enhance policy coherence in GEF operations³. This paper represented the first dedicated discussion on this topic by the GEF Council. It therefore focused, as intended, on a broad framework for policy coherence. Based upon the GEF Council's approval of this document, the GEF Secretariat is now preparing an internal action plan in order to operationalize this framework.

8. As part of this action plan, the GEF Secretariat is undertaking an extensive portfolio review of its completed and ongoing projects. This will highlight the projects that have a policy coherence dimension and yield examples, best practices and lessons on this agenda. This exercise will also identify the potential for the strengthening of policy coherence in a subset of active projects and programs that are in early stages of implementation. Simultaneously, policy coherence is being integrated into the design stage of GEF-8 programming, particularly in its integrated programming. The GEF Secretariat is considering the development of tools to track

² GEF/STAP/C.64/Inf.02, [Policy Coherence in the GEF](#). June 13, 2023

³ GEF/C.65/04, [Enhancing Policy Coherence through GEF Operations](#), September 10, 2023.

and assess progress on policy coherence, and the potential for the development of policy-relevant indicators. Policy coherence is also a key component of the GEF-8 Country Engagement Strategy (CES)⁴ which is currently being rolled out.

9. As the GEF Secretariat advances on the different elements of its action plan in the coming years, STAP and other guidance and experiences on policy coherence will be taken into consideration. Depending on the local contexts, addressing different levels of governance at the country level may have to be done in a phased approach at different levels of spatial scale, with a focus first on the broader, national level. To that end, at the level of national governance, successful transformations of policies and incentives require combined efforts at the Executive and Parliamentary Branches, and this is where the GEF Secretariat may place its initial focus. At the same time, as recognized by the IEO's OPS-7 Report,⁵ there can be enforcement challenges at any/all governance levels that are beyond the GEF's reach and may accordingly limit impact in this sphere.

10. As part of its preparations for the GEF-9 replenishment, the GEF-Secretariat will undertake an internal stock take of its initial progress on the policy coherence agenda, including experiences and challenges at the country level. These learnings will inform the integration of policy coherence into the GEF-9 policy and programming strategies.

RECOMMENDATION 2: The GEF Secretariat and its partner agencies should ensure that increased attention is devoted to the inclusion of land tenure security and conflict resolution for resource management within project and program designs and the underlying theories of change. Land tenure is especially weak in communally managed drylands, characterized by a relatively limited natural resource endowment. Yet local communities need tenure security to invest in the sustainable management of the ecosystems on which they depend. Tenure security can reduce resource conflicts, and also help addressing sustainability. Agencies should adequately describe the status of land tenure security and resource conflicts in assessing project and program context and include relevant elements in their theories of change (e.g., as assumptions or risks, and/or activities, outputs, or outcomes). Doing so would also help countries in responding to UNCCD Decision 26/COP.14.

11. The GEF Secretariat has consulted with the GEF Agencies on the response to this recommendation. The GEF Secretariat agrees with this recommendation.

12. The GEF-8 Programming Directions⁶ have introduced increased attention to this issue by promoting good, effective and participatory land and water governance, making specific reference to land tenure and water rights (ref. para 550) and by including the resolution of land tenure issues as an element of LD-objective 4: "Improve the enabling policy and institutional framework for LDN" (ref. para 553). As outlined in the GEF-8 programming directions, the

⁴ GEF/C.63/05, [Country Engagement Strategy Implementation Arrangements for GEF-8](#), October 31, 2022

⁵ GEF/E/C.61/inf.01, Global Environment Facility Independent Evaluation Office (GEF IEO), [Seventh Comprehensive Evaluation of the GEF: Working Toward a Greener Global Recovery](#), Washington, DC: GEF IEO, November 9, 2021

⁶ GEF/C.62/03, [Summary of Negotiations of the Eighth Replenishment of the GEF Trust Fund](#), June 15, 2022

application of FAO's Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security will be encouraged. Further, land tenure security and conflict resolution for resource management is addressed as a cross-cutting issue in GEF programming and features prominently in the strategies and theories of change of the integrated programs, notably the programs on Ecosystem Restoration, and Critical Forest Biomes (ref. para 58 and 103).

13. Further, the GEF agrees with the IEO that the recent UNCCD COP Decision 26/COP.14 on land tenure will provide an additional entry point for increasing attention to these issues, especially in drylands and countries affected by drought. GEF will work with its partner agencies to make continued efforts to foster leadership and political will to address land tenure through supporting capacity development and enhanced knowledge sharing learning, inclusion of all stakeholders, and provision of data and planning tools for informed decision making as part of its regional and global programming in GEF-8 and place special emphasis of bringing this topic into the context of dryland countries through its ongoing work in the GEF-7 DSL-IP, and potential future programs with a focus on drylands.

RECOMMENDATION 3: The GEF Secretariat and Agencies should ensure that equal consideration is given in project and program design to both fostering synergies and mitigating trade-offs between environment and socioeconomic development, with due attention to distributional impacts. GEF projects in drylands have not adequately considered trade-offs between environmental outcomes and socioeconomic development, despite the real potential for unmitigated trade-offs to result in reduced environmental outcomes and unintended negative consequences, including leakage. Trade-offs in pastoral areas should be given concerted attention given poorer performance in these landscapes in past GEF drylands projects, and project design should also carefully consider who will benefit depending on the solutions adopted.

14. The GEF Secretariat has consulted with the GEF Agencies on the response to this recommendation. The GEF Secretariat agrees with this recommendation, with the understanding that the mandate of the GEF is to generate global environmental benefits; therefore, the consideration of trade-offs will need to balance trade-offs in a way that maximizes environmental outcomes.

15. Trade-offs between environment and socio-economic development and the potential for unmitigated trade-offs to result in reduced environmental outcomes and unintended negative consequences, including leakage, is a common issue in global efforts to achieve sustainable development and well described in the literature. The GEF Secretariat and its Agencies are fully aware of it and will continue its efforts to mitigate trade-offs, with due attention to distributional impacts.

16. Specifically, the GEF-8 programming directions identify the mitigation of trade-offs as an important element of its nature-based solutions approach in several of its integrated programs, for example in the Ecosystem Restoration (ref. para 54), Blue and Green Islands (ref. para 169), Net-zero nature-positive accelerator (ref. para 239). Also, the Land Degradation Focal Area strategy employs the LDN concept and integrated land-use planning to promote synergies,

manage trade-offs, and improve policy coherence across sectors and at all levels. GEF and its agencies will apply STAP's advisory document on nature-based solutions⁷, which will enhance these efforts in the general programming, and specifically in future work in drylands, particularly in pastoral areas and rangelands.

17. Further, balancing environmental and societal benefits at different scales from local to landscape, as well as in time, is part of efforts of the GEF and its Agencies to improve the projects and programs' theories of change and ways to monitor socio-economic and environmental co-benefits. These efforts are made in the context of STAPs advisory work on enhancing the application of theory of change concept⁸, which is now consistently applied in GEF projects and programs at design stage.

RECOMMENDATION 4: The GEF Secretariat should encourage Agencies to provide project level monitoring data showing associated biophysical changes for relevant area-based core indicators. The relative lack of demonstrated changes in environmental status through M&E systems was noted. When taken alongside the geospatial analysis and field-level data observation that suggested more localized sustainable results than reported hectareage, these findings raise questions about the adequacy of area-based GEBs in drylands. In its results framework guidelines, the GEF Secretariat should encourage Agencies to provide available biophysical monitoring data (alongside already-requested GIS files), to better substantiate the environmental benefits of improved management practices and restoration. The newly launched GEF Geospatial Platform as well as the LDN indicators that countries are adopting and sometimes integrating into their GEF project reporting provide a good basis for this effort.

18. The GEF Secretariat agrees with this recommendation.

19. The GEF Secretariat will work with its agencies to provide project level monitoring data that better show biophysical changes for relevant area-based core indicators. This recommendation will be addressed through adjusting the GEF's Results Based Measurement Framework and its related guidelines at the next opportunity, which will be the update of the GEF-9 Results Measurement Framework, likely by end of FY26.

20. The GEF Secretariat will also assess its portfolio of ongoing LDN projects to learn on how projects are applying LDN indicators and their alignment with national LDN targets and extract conclusions and lessons learned on ways of integrating them into GEF project reporting. This assessment will be done by the end of FY25.

21. Further, the newly launched GEF Geospatial Platform already includes ways to demonstrate changes in environmental status, for example by assessing drought severity at local level over time. Depending on data availability and technical feasibility, further improvements

⁷ GEF/STAP/C.59/Inf.06, [Nature-based Solutions and the GEF, A STAP Advisory Document](#), December 3, 2020

⁸ Stafford Smith, M. 2020. [Theory of Change Primer, A STAP Advisory Document](#). Scientific and Technical Advisory Panel to the Global Environment Facility. Washington, D.C.

may be possible, similar to recent additions to the platform by adding protected areas as polygons on the map.

CONCLUSION

22. The GEF Secretariat is confident that the valuable lessons learned and recommendations of the evaluation will contribute to GEF's continued and focused support of drylands in an integrated way through GEF's strategies in GEF-8 and beyond, in line with countries priorities and the international ambition expressed under the relevant MEAs. Work in dryland countries will remain at the core of the Land Degradation Focal Area strategy and increasing synergies with other GEF focal areas as well as the strategies under the LDCF and SCCF. Progress on all recommendations will be tracked through the IEO's standard Management Action Record. The GEF Secretariat will also mainstream the findings and recommendations of this evaluation into the preparation of the Land Degradation Focal Area Strategy for the GEF-9 replenishment negotiations.