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Agenda Item 11

PROGRESS REPORT ON THE DEVELOPMENT OF THE RESULTS- BASED MANAGEMENT FRAMEWORK

Recommended Council Decision

The Council reviewed document GEF/C.30/4, *Progress Report on the Development of the Results-Based Management Framework*, and welcomes the progress that has been made in developing indicators in each of the focal areas and the preliminary steps that have been taken to prepare a results-based management framework. The Council recognizes the need to ensure consistency between the results-based management framework and the revised focal area strategies, and requests the Secretariat to ensure that the revised strategies and the management framework are submitted to the Council for consideration at its meeting in June 2007.

EXECUTIVE SUMMARY

The policy recommendations for the Fourth Replenishment of the GEF Trust Fund requested the GEF Secretariat, GEF Agencies and the GEF Evaluation Office to develop, in consultation with recipient countries, a set of common quantitative and qualitative indicators and tracking tools for each focal area, to be used consistently in all projects, with a view to facilitating aggregation of results at the country and program levels as well as assessment of GEF's transformational impact. A complete results management framework is to be brought forward for Council consideration which addresses quality at entry of project proposals, mid-term and end replenishment targets, and reporting on results of complete projects.

The policy recommendations also called for the review and revision, as necessary, of the six focal area strategies, taking into account cross-cutting issues of sustainable forest and sound chemicals management. These strategies should provide for a simplified approach to the GEF's operational programs and strategic objectives.

In moving forward in developing a results-based management framework, it has become clear that the framework must be integrally linked, and developed in parallel with, the revised focal area strategies.

This document is a brief report of the progress to date in: (i) development of a results-based management framework; and (ii) progress achieved in development of indicators and tracking tools in the GEF focal areas.

The GEF Secretariat has taken the lead in exploring options for developing a GEF results-based management framework, in line with the indicator development work that is being undertaken by the focal areas.

The focal area task forces are continuing their work to develop and improve their respective indicators and tracking tools in congruence with the development of the overall GEF results-based management framework.

In line with the progress in focal area indicator development work, the annual portfolio performance review (PPR) exercise is also being reconceptualized as part of the larger effort to develop a comprehensive GEF results-based management framework.

As the focal area strategies are reviewed and revised for approval by the Council at its meeting in June 2007, the targets and indicators from that exercise will be incorporated into the results-based management framework which will also be presented for discussion at the June 2007 Council meeting.

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INTRODUCTION

1. The policy recommendations for the Fourth Replenishment of the GEF Trust Fund requested the GEF Secretariat, GEF Agencies and the GEF Evaluation Office to develop, in consultation with recipient countries, a set of common quantitative and qualitative indicators and tracking tools for each focal area, to be used consistently in all projects, with a view to facilitating aggregation of results at the country and program levels as well as assessment of GEF's transformational impact. A complete results management framework is to be brought forward for Council consideration which addresses quality at entry of project proposals, mid-term and end replenishment targets, and reporting on results of complete projects.
2. The policy recommendations also called for the review and revision, as necessary, of the six focal area strategies, taking into account cross-cutting issues of sustainable forest and sound chemicals management. These strategies should provide for a simplified approach to the GEF's operational programs and strategic objectives.
3. In moving forward in developing a results-based management framework, it has become clear that the framework must be integrally linked, and developed in parallel with, the revised focal area strategies.
4. This document is a brief report of the progress to date in: (i) development of a results-based management framework; and (ii) progress achieved in development of indicators and tracking tools in the GEF focal areas.

RESULTS-BASED MANAGEMENT FRAMEWORK DEVELOPMENT

5. The GEF Secretariat has taken the lead in exploring options for developing a results-based management framework, in line with the indicator development work that is being undertaken by the focal areas. A consultant was hired to undertake an assessment of results management practices in other multilateral agencies. Several iterations of a possible framework were prepared and discussed in numerous internal meetings with the Secretariat focal area staff. After the work on the revised focal area strategies and focal area indicator development is sufficiently advanced, an interagency workshop on results-based management will be convened at which the options for a results based management framework will be explored. The GEF agencies, STAP and the Evaluation Office will be invited to participate in the workshop.
6. The results-based management framework will incorporate monitoring and reporting at three levels: (i) corporate level; (ii) programmatic (focal area) level; and (iii) project-level. Among other things, this framework is intended to address: (i) progress towards/achievement of focal area targets; (ii) outcomes achieved by projects that have completed implementation; (iii) issues associated with implementation of the portfolio; and (iv) quality-at-entry of project proposals.
7. To support the efforts to develop an overall GEF results-based management framework, a special initiative for results-based management was included in the FY07 Corporate Budget.

This initiative is supporting the development of program level indicators for the focal areas of international waters, land degradation and persistent organic pollutants (POPs).

Focal Area Indicator Development

8. The focal area task forces are continuing their work to develop and improve their respective indicators and tracking tools in congruence with the development of the overall GEF results-based management framework.

Biodiversity

9. The biodiversity focal area has established a system to monitor portfolio performance against output and outcome targets established in the programming documents for GEF-3 and GEF-4. To aid in monitoring the portfolio, projects submit information required by a “tracking tool” three times during the life of the project: before CEO endorsement or CEO approval for medium sized projects (MSPs), at the project-midterm, and after the project final evaluation. The tracking tool collects key project level information that is then rolled up to the portfolio level for tracking portfolio performance against the agreed output and outcome indicators and their associated targets.

10. Initially, the tracking tool was a paper document that proponents submitted with each project, but a database has been developed which is now being populated with data from all GEF-3 projects. This will also be used in GEF-4, allowing the data from GEF-3, GEF-4 and future projects to be more easily tracked over time and analyzed against the indicators and targets for any phase of the GEF. In addition, a web-based prototype that will allow project proponents to submit the information on-line has been developed and will be made operational by the end of the first quarter of 2007.

Climate Change

11. The climate change focal area has developed a range of indicators to measure the outcome and performance of the climate change portfolio. Corresponding to the targets presented in the programming paper for the GEF-4 replenishment (i.e. 400 million tons of CO₂, 125 market interventions/transformations for mitigation, and 25 interventions for adaptation), each climate change (mitigation) project is required to report at work program inclusion estimated tons of CO₂ emissions avoided directly resulting from the intervention of the GEF project and the targeted market(s) in which the project intends to intervene and transform. These two indicators will be evaluated after the completion of the project as part of the post-project evaluation.

12. Furthermore, each climate change mitigation project is required to include at least two additional outcome indicators at work program inclusion, which vary by strategic objective and operational program, and to report progress toward achieving the targets of these indicators (as well as others designed at the project level) in the annual project implementation review (PIR). These two indicators are intended to be SMART (i.e. specific; measurable; achievable and

attributable; relevant and realistic; and time-bound, timely, trackable, and targeted) for measuring project results, and can be aggregated at the portfolio level.

13. To move forward with the results-based framework, the climate change task force plans to hold consultations and workshops in FY07 to update the indicators for projects in energy efficiency (OP5) and renewable energy (OP6). Because they are new programmatic initiatives, more effort will have to be expended to develop and fine-tune the indicators for sustainable transport (OP11) and for adaptation under the Strategic Pilot on Adaptation.

International Waters

14. The international waters (IW) focal area has initiated the identification and testing of a preliminary indicators framework and an IW tracking tool for annual monitoring of project achievements. The framework and a relevant guidance document have been developed and distributed to all projects under implementation for reporting on a pilot basis within the context of the 2006 Project Performance Review.

15. In addition, the IW focal area has begun to undertake an evaluation of methodologies applicable to international waters investment funds in order to project impacts from the project level to country and basin wide level. Development of basin or partnership wide indicator frameworks depends on identifying ways to answer the question: “what overall impact would be achieved should the practice/technology used at the project level be applied systematically throughout the region/waterbody?” For this purpose, the focal area supported and participated in the “Regional Conference on Nutrient Pollution Control in the Danube – Black Sea Basin” workshop held in Moldova, October 1-7, 2006, with the participation of implementers of related GEF and OECD projects, countries, staff from the GEF Secretariat and related European Union (EU) Agencies, the GEF Evaluation Office, and several independent researchers. Participants agreed on the technical feasibility and scientific soundness of extrapolating impacts expected locally to broader contexts, such as a country or a basin. At the project design phase, the expected local impacts will be estimated based on available science and experience, while during project execution, actual measurements of the reduced stress will be carried out systematically to validate and fine tune expected final impacts/results. The expected impacts achievable at the country or regional level would then be assessed by extrapolation of the impacts achieved locally to all similar areas or situations (in the case of nutrient runoff reduction, for example, to all nitrate vulnerable zones as defined by a related EU Directive).

16. Work will now continue in the definition of an IW investment fund indicators framework that will (i) adopt the principle of extrapolation, (ii) inform project design and (iii) allow annual monitoring of local and global impacts.

Land Degradation

17. The revision of the GEF-4 strategy for the land degradation (LD) focal area is still in progress. In addition to selecting a narrower, impact based focus for future LD activities, the revision process includes the formulation of better portfolio-level indicators for the monitoring and, by the end of GEF-4, reporting to Council the expected results from focal area investments.

18. To provide information to Council on the effectiveness of LD activities in the GEF, ideas are currently under discussion for a portfolio level monitoring tool focusing on land use/land cover changes at various scales. These discussions follow the recent findings of the Millennium Ecosystem Assessment. There is a need for an attribution model for linking land cover changes to GEF projects financed under OP15 and for GEF projects that address land degradation as a cross-cutting issue in other GEF focal areas. This tool would complement information provided by the agencies through project implementation reviews and terminal evaluation reports. The tool would be managed by the GEF Secretariat in collaboration with the Implementing and Executing Agencies.

19. The LD task force has requested STAP to undertake three studies: (i) Global Impacts of Land Degradation; (ii) Global Environmental Benefits from Sustainable Land Management: Applying the Millennium Ecosystem Assessment method; and (iii) Trade-offs Between Local Livelihood and Global Environmental Benefits. These studies were recently finalized and a synthesis report is in preparation to be presented by STAP to the GEF Council in December 2006. A more technical recommendation paper intended to start off a larger expert consultation process through the MSP will be developed by one of the authors of the STAP studies.

20. In June 2006, UNESCO, in partnership with various international organizations, organized in Tunis the “The Future of Drylands Conference”, an international scientific conference on desertification and drylands research. During the conference, the GEF organized a side-event “Measuring the Impact of Sustainable Land Management”. The side-event discussed opportunities for and challenges of defining a core set of indicators for projects and programs targeting sustainable land management. The need was expressed for simple and cost-effective impact indicators as well as the need to understand decision-makers needs when it comes to defining those indicators.

Ozone Layer Depletion and Persistent Organic Pollutants focal areas

21. In the ozone depletion focal area, the main indicator to measure and aggregate results remains the reporting by each project on the amount of chemicals phased out from consumption or production, adjusted for their ozone depletion potential (ODP). No further work is anticipated on that front.

22. In the POPs focal area, a set of focal area-wide indicators has been developed by the POPs task force as a basis to track progress on implementation of the GEF-4 POPs strategy. These are project outcome indicators that can be aggregated from different projects to provide an overview of the results at the level of the focal area. The intent has been to choose some indicators that can be measured and can be meaningfully added-up to provide an indication of overall program achievements. Most if not all POPs projects should include at the minimum one of these indicators in their results matrix.

23. Short-term future work will entail the revision of the indicators based on possible revision of the focal area strategy. Beyond this, future work envisaged includes the development of more refined indicators for specific types of intervention / focal area sub-sets.

Reformulation of the Annual Performance Review Exercise

24. In line with the progress in focal area indicator development work, the annual portfolio performance review (PPR) exercise is also being reconceptualized as part of the larger effort to develop a comprehensive GEF results-based management framework.

25. The guidelines for the 2006 PPR have been updated and modified in order to improve the content of information collected through the project implementation reviews, reflecting the growing effort underway in the different focal areas in developing and implementing portfolio monitoring tools, and capturing emerging lessons. Work is also underway to automate the PPR exercise, using a web interface. The new management information system that is being developed for the GEF is being designed with this objective in mind.

26. It is expected that further evolution of the role, content and format of the PPR will take place as the joint effort to develop an overall GEF results-based management framework progresses during FY 2007.

Next Steps

27. As the focal area strategies are reviewed and revised for approval by the Council at its meeting in June 2007, the targets and indicators from that exercise will be incorporated into the results-based management framework which will also be presented for discussion at the June 2007 Council meeting.