



# Global Environment Facility

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GEF Council  
December 5-8, 2006

Agenda Item 6

## GEF EVALUATION OFFICE: PROGRESS REPORT FROM THE DIRECTOR

**(Prepared by the GEF Evaluation Office)**

**Recommended Council Decision**

The Council, having reviewed document GEF/ME/C.30/1 “*GEF Evaluation Office: Progress Report from the Director,*” takes note of the work on on-going evaluations, the implementation of the GEF monitoring and evaluation policy, and the selection criteria for country portfolio evaluations. On the basis of the information given, Council requests the Evaluation Office to prepare, manage and implement an independent Fourth Overall Performance Study (OPS4) in time for submission to the negotiations on the fifth replenishment of the GEF Trust Fund, to better integrate evaluation findings in OPS4 and to enhance the reporting on results.

The Evaluation Office is invited to redesign the annual budget of the Office for discussion in June 2007, incorporating the necessary expenses for OPS4 throughout the coming years, ensuring overall cost savings as compared to OPS3.

## EXECUTIVE SUMMARY

1. The GEF Evaluation Office is presently conducting a series of evaluations on cross-cutting issues, institutional procedures and principles, country level support and impact. The Office found some of the evaluations proposed for this year more complex than initially thought, requiring development of appropriate methodologies and approaches.
2. On the request of Council, the criteria for selecting countries for the GEF Country Portfolio Evaluations are presented. These criteria aim to first of all ensure that all recipient countries of the GEF have a chance to be selected, and then proceed to apply the programming criteria of the Office for its four year rolling work plan. Countries will be chosen according to region first, after which the final decision will be taken per fiscal year in view of potential synergies with other evaluations and the financial means available to the Office for this kind of evaluation.
3. In fiscal year 2006 this selection process has led to the identification of **the Philippines** and **Samoa**. Combining these two evaluations means that they can be done for the price of one. The Philippines has a full portfolio and will need a full review – however, Samoa has a relatively low GEF profile, while at the same time highlighting the difficulties that Small Island Developing States are facing. The on-going evaluations of the Small Grant Programme and the Evaluation of Capacity Development will ensure that the Country Portfolio Evaluations will have the benefit of their field work as well.
4. In coming fiscal years other countries will be chosen on the basis of a re-run of the last steps of the selection process. In FY08 Africa will be the focus; in FY09 Eastern Europe and Central Asia; in FY10 Middle Eastern & Northern Africa will follow and in FY11 the process will return to Latin America and the Caribbean.
5. This report also contains further information on how the Evaluation Office sees its role and function in OPS4. Council approved a four year rolling work plan in June 2006 which incorporates the principles of building up evaluations to culminate in OPS4 and asked for further information before asking the Office to implement OPS4 itself.
6. Major advantages for the Office to implement OPS4 are that this would substantially reduce learning costs of an external team of evaluators and it would strengthen the reporting on results in OPS4. Disadvantages could be a “perceived” lack of independence of the Office from the GEF as a whole and the lack of a fresh outsiders perspective. These disadvantages can be overcome if the Office has been “peer reviewed” as independent in role and function and if OPS4 ensures processes to incorporate a fresh perspective on the GEF.
7. It is proposed that the Evaluation Office prepare, manage and implements OPS4, while ensuring that the terms of reference for OPS4 are approved by Council and taking care that two elements of OPS4 are undertaken independently of the Office: a stakeholder consultation process and the evaluation of M&E in the GEF. The Office will reflect this in its proposal for a restructured and integrated annual budget in June 2007.

## INTRODUCTION

8. At the Council meeting of June 2005 a Progress Report was presented for the first time to Council as an Information Document. The report was discussed and Council requested that the second progress report would be a Working Document. This report was presented to Council in June 2006, but was not discussed due to time constraints. Council members suggested “that there was overlap between the progress report of the Director and the Four Year Work Plan and that this could be prevented by staggering these reports in time so that only one of the two is on the agenda of each Council session”.<sup>1</sup> This progress report meets that suggestion and is an up-date of the report of June 2006, including information on several issues that the Council asked for.

9. In its June 2006 meeting, Council asked for a short note on the criteria to select countries for future Country Portfolio Evaluations.<sup>2</sup> Furthermore, the Office was requested to prepare for Council consideration a more detailed proposal on the suggested role of the Evaluation Office in OPS4. This would feed into proposals to provide an integrated budget with clearer guidance and priorities for special initiatives. Lastly, more information was required on how external funding relates to the independence of the Office and how potential conflicts of interest are prevented.<sup>3</sup>

10. This report is thus structured as follows: a chapter on on-going work, including information on how potential conflicts of interest are prevented, followed by chapters on the criteria for selection of countries for Country Portfolio Evaluations and on OPS4 as well as the preparation of a new budget format. Given the fact that many expectations have been voiced during the Assembly and at other meetings on the mid-term review of the RAF, the last chapter also contains a first look at how the emerging key questions could be tackled.

## ON-GOING WORK

11. The Office is presently conducting a series of evaluations on cross-cutting issues, institutional procedures and principles, country level support and impact. In addition, the Office has established a network of partners across the Implementing and Executing Agencies as well as throughout the world interested in pursuing the evaluation principles of accountability and lessons learning. The Office found some of the on-going evaluations more complex than initially thought, requiring development of appropriate methodologies and approaches. For example, the evaluations of GEF impacts and capacity building have been delayed until the approach is fully developed. The evaluation of the catalytic role of the GEF will also start with a phase of methodology development.

12. In FY06 the Office began to develop an approach to **impact evaluation** within the GEF, and initially it was envisioned that the pilot impact evaluation would be completed by the

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<sup>1</sup> Joint Summary of the Chairs, June 22, 2006 – paragraph 75

<sup>2</sup> Joint Summary of the Chairs, June 22, 2006 – paragraph 10 (d)

<sup>3</sup> Joint Summary of the Chairs, June 22, 2006 – paragraph 14

end of FY06. After initial steps to develop the approach paper for the evaluation, it was determined that an extensive additional effort would be necessary to develop a methodology appropriate for the challenge of evaluating impacts within the context of the GEF. It was necessary to ensure that impact evaluation of GEF support be cost-effective and produce findings in a manner that satisfies the needs of all GEF stakeholders. The resulting methodology paper proposes to adopt a theory based approach, which would work through *logic models* and *results chains* to ensure that the evaluation focuses on the intervention mechanisms that will be driving the final impact projects. On the basis of this methodology, a first impact evaluation will start in the coming months.

13. The approach paper on the **Capacity Development Evaluation** was shared with GEF partners in August 2006 and the finalized version is published on the website. It proposes to evaluate the results of all GEF capacity development support in two (or more) neighboring countries, which share one or more common environmental challenges of global importance. The study will examine in each country the nature and results of the national and regional interventions and relate these to policy, institutional and individually-focused capacity development targets. In addition, the evaluation will develop a set of protocols, which will enable forthcoming Annual Performance Reports, Country Program Evaluations and OPS4 to evaluate the achievements of capacity development activities on a broader scale.

14. Work has started on the **Evaluation of the Catalytic Role of the GEF**. Given the fact that only a handful of evaluations have been done internationally on replication, mainstreaming and up-scaling, as well as leverage and co-funding, a methodological phase is necessary to explore possibilities for this evaluation. This methodological phase will be done together with other evaluation offices in agencies that also perceive their own role as catalytic or innovative, such as the International Development Research Center in Canada, IFAD and UNDP. Furthermore, collaboration with STAP will be actively promoted.

15. After the Assembly meeting in Cape Town, work has started on an issues and options paper for the possible **Evaluation of the Role of Science**, in collaboration with STAP. This issues and options paper will feed into the four year rolling work plan of the Evaluation Office, which will be proposed to Council in June 2007.

16. Other on-going activities and evaluations are: the preparation of the 2006 Annual Performance Report, Country Portfolio Evaluations, knowledge sharing, support to development of indicators, and preparations for the special initiatives that Council has approved in June 2006: the international workshop on environmental and sustainable development evaluation and the junior evaluation professional from a developing country, to be hired by the Office in 2007.

### **Implementation of the New M & E policy**

17. The new GEF Monitoring and Evaluation Policy was approved by Council on a no-objection basis through mail on February 6, 2006. The Office is mainstreaming the new M&E

policy thought-out the GEF system in four ways: dissemination, development of guidance and administrative procedures, support of monitoring, and oversight and performance feedback.

18. **Dissemination of the new policy.** The Office has made the new policy available on the internet and has published and distributed hard copies among the key GEF stakeholders. The Office also presented and discussed the new policy at the Sub-regional Consultations with GEF Focal Points. The Office will also work with the GEF Secretariat to incorporate M&E and GEF M&E minimum requirements in various training programs and the focal points training workshop.

19. **Development of guidance and administrative procedures.** The GEF M&E policy will be further developed and implemented through specific guidelines and administrative arrangements and procedures. Two guidelines have recently been finalized. The *ethics guidelines* provide guidance to the Evaluation Office and evaluators in the GEF, both staff and consultants, on ethical behavior to ensure that evaluations are free of bias, transparent, take stakeholder rights and interests into account and are of the required quality. The guidelines contain provisions on preventing conflict of interest on three levels: institutional, staff, and of consultants hired to contribute to evaluations. Secondly, guidelines to conduct *terminal evaluations* have been finalized as well.

20. **Support to the establishment of portfolio and program monitoring systems.** During FY06 and early FY07 the Office has provided support to the GEF Secretariat in various aspects related to the Secretariat's new monitoring roles. The Office also supports the International Waters Task Force to define scientific based indicators for environmental results and catalytic impact for nutrient reduction projects and to define baseline indicators for ground water projects. The Office has also worked with the Land Degradations Task Force to further define the global environmental benefits in this focal area and to put in place an indicator system conceptual framework for the focal area.

21. **Oversight and performance feedback.** The Annual Performance Reports have in just two years become an important instrument to assess the performance of the GEF partners, especially on M&E issues. The 2005 APR has established a baseline on projects compliance of M&E minimum requirements that will be used to track progress in the implementation of the policy during project design. The Office will continue to track and provide feedback on the efficacy of the policy and processes that GEF agencies put in place to implement the new GEF M&E Policy. Furthermore, the APR will over the years look into various aspects of performance and present overviews in the form of an Agency Performance Matrix.

### **International Workshop on Environmental and Sustainable Development Evaluation**

22. The Evaluation Office is currently convening an international partnership to prepare an international workshop on evaluation of environmental and sustainable development issues in developing countries and countries with economies in transition, focusing on climate change. The workshop will allow a sharing of experiences in evaluating sustainable development projects and

programs. The workshop will focus on climate change issues: both on mitigation and adaptation. Scheduled for early 2008, the workshop is planned to take place at the Bibliotheca Alexandrina, in Alexandria, Egypt.

23. The workshop is expected to: 1) enhance the quality of evaluations and interventions; 2) facilitate the identification of best practices; and 3) lead to the development of a network of experts and institutions on the covered areas. Evaluators from partner agencies, research community, donors and civil society will be invited to join. Active interaction with regional organizations and conferences will ensure participation of environmental evaluators with focused papers. At present, the workshop has received financial contributions from the GEF Council (25k), Denmark (20k), Norway (circa 50k), whereas Switzerland, the Netherlands and France have not yet made definite contributions but are positively inclined.

### **SELECTION CRITERIA FOR THE COUNTRY PORTFOLIO EVALUATIONS**

24. Council requested the Office to present a short note to its December meeting on how countries are selected for GEF Country Portfolio Evaluations. The objectives of these evaluations is to provide the Council with an assessment of how the GEF is implemented at the country level, of results achieved at the project level and of how these projects are linked to national environmental and sustainable development agendas as well as to the GEF mandate and focal areas programs. They aim to evaluate the relevance and efficiency of the GEF in the country, as well as the effectiveness and results of completed projects and to provide feedback and knowledge to all GEF partners, including the country concerned.

25. Furthermore, these evaluations bring to the attention of Council different experiences and lessons of how the GEF is implemented at the national level from a wide variety of countries. These evaluations do not have the objective of evaluating the performance of Implementing Agencies, Executing Agencies or national governments or individual projects. The standard terms of reference for these evaluations have been published on the website of the Office.

### **Country Selection Criteria**

26. The principles behind the country selection criteria include:

- Clarity and transparency of selection process
- Fair chance for all GEF recipient countries to be selected
- Programmatic criteria – using the seven criteria developed and used by the Evaluation Office to program its activities (policy relevance, financial weight, stakeholder opinion and demand, public and/or media debate, evaluation coverage, evaluability and international collaboration (synergy))
- Synergy with other evaluations conducted in the Evaluation Office or by the evaluation offices of the Implementing and Executing Agencies.

27. Countries were selected using a stepped approach with the goal to select two to three countries per year. Given the large number of countries that are eligible, a stratified random selection was adopted to produce a list of 8 countries per geographic region. On this selection a set of criteria was applied, which are used by the Evaluation Office to determine programming priorities in the four year rolling work plan. These criteria are both quantitative (i.e., using an index system) and qualitative (i.e., providing room for expert judgment). The final step to fine-tune the selection of the final 1 or 2 countries will consider the evaluability and synergy with ongoing evaluations as well as with GEF corporate activities and will be conducted at the end of the fiscal year, regarding the Country Portfolio Evaluations for the following fiscal year, so preparation can start well in advanced.

### **Steps of the selection process**

28. First step: regional distribution. The first step in the process was to group countries according to geographic regions (as defined by the World Bank). The proposal is to conduct 1 or 2 CPEs per year in a particular region according to the following sequence: Asia in FY07; Africa in FY08; Eastern Europe and Central Asia in FY09; Middle East and North Africa in FY10; and Latin America and the Caribbean in FY11. The main reason to select countries from the same region in each year is to save costs in travel to the region by combining missions and resources.

29. Second step: ranking according to contribution to GEF mandate. The second step was to group countries within each region according to their potential contribution to the mandate of the GEF: generation of global environmental benefits using the RAF indexes for biodiversity and climate change as a proxy. The list of countries ranked according to their RAF funding allocation for biodiversity and climate change<sup>4</sup> was used to group the countries into four groups: above \$50 million, between \$21 and \$49, not in the group but less than \$20 and country in group allocations (the country's highest allocation, either in biodiversity or climate change, was used to assign a country to a group).

30. Third step: stratified random selection. Random numbers were generated by Excel for each of the 4 groups and 2 countries are selected per group to a maximum of 8 countries per region.<sup>5</sup>

31. Fourth step: application of programmatic criteria. The GEF Evaluation Office uses seven criteria for programming its activities that is also relevant for selecting countries for CPEs: policy relevance; financial weight, stakeholder opinion and demand, public and/or media debate, evaluation coverage, evaluability and international collaboration (synergy). The first five were used to further narrow the number of possible countries for Country Portfolio Evaluations from

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<sup>4</sup> GEF Resource Allocation Framework: Indicative resources allocation for GEF-4, for the biodiversity and climate change focal areas (September 15, 2006)

<sup>5</sup> An alternative to using a stratified random selection could have been to use the selection criteria presented in step 4 for all 160 countries. This was considered not appropriate given that there are only 7 criteria which will not allow to have enough difference between countries to be able to select 8 countries per region.

those selected in Step 3 (the other two are used for the final selection, see step 5 below). A system of indicators and scores to measure each of the five criteria was developed with a possible highest score of 7.5 (see Table 2 for definitions and indicators). A score of 4 or above was selected to determine the final countries to be considered each year for further exploration.

32. Final step: integration with synthetic opportunities. The final step in the selection process will be done each year before the end of the fiscal year, to select the final 2-3 countries for the next fiscal year, and will consist of reviewing the countries selected in step 4 according to two criteria: evaluability and synergies/international collaboration. Evaluability is measured by the quality of available baseline information regarding the context in which the GEF projects were prepared and implemented. For example, countries that have been the subject of previous country evaluations conducted by evaluation offices of the partner GEF agencies and those that have or are preparing GEF and national environmental strategies, have conducted their RAF prioritization exercise, have completed the National Capacity Self-Assessment projects and have had a country dialogue workshop would receive higher priority. The synergy criterion measures the relevance of the particular country to on-going or future evaluations proposed by the GEF Evaluation Office or evaluation offices of GEF partner agencies (a higher preference will be given to countries that are relevant to any of these evaluations).

### **Selection of Countries for Fiscal Year 2007**

33. For **Fiscal Year 2007** (July 2006 through June 2007), 5 countries in Asia were selected up to step 4: Bangladesh, China, Philippines, Cambodia and Samoa). As described above, the last step (Step 5) needs to be applied at this point to select the final two countries. From the point of view of evaluability China, Philippines and Samoa seem to be the best candidates. Although the Implementing and Executing Agencies country assistance programs have been evaluated by the relevant Implementing and Executing Agencies evaluation offices in all 5 cases, the three mentioned above have prepared national environmental strategies, have conducted an initial RAF prioritization, have concluded their National Capacity Self-Assessment (NCSA) and have participated in a country dialogue workshop. All of these activities provide good baseline information for the country evaluations. From the point of view of synergies with other evaluations conducted by the GEF Evaluation Office, Philippines, Cambodia and Samoa seem to be the best fits since they have a Small Grants Programme (in particular Philippines, which has one of the biggest and more established programs) and their portfolio would be very useful for the capacity building and replication evaluations.

34. There are several reasons not to select China, using these two criteria presented above. First, although China has an extensive and very diverse portfolio there is no Small Grants Programme. Given the limited financial resources provided by Council for this type of evaluation it would be very difficult to conduct a Country Portfolio Evaluation in such a large country with a huge portfolio. Finally, the Chinese government has conducted an assessment of its participation in the GEF as well as of its portfolio. The GEF Evaluation Office proposes to consult with the Chinese government on how this type of studies could be brought up to the attention of Council. The case of Cambodia was not as strong as the Philippines (importance of its participation in the

GEF) or Samoa (member of two very important groups in the GEF partnership, SIDS and LDC) and therefore was not selected.

35. Council agreed to finance one Country Portfolio Evaluation in FY06. However, by choosing **the Philippines** and **Samoa** for FY06, it is possible to combine two countries for the price of one evaluation. These countries require different levels of inputs (i.e., number of consultant/days and management of the exercise) to produce a Country Portfolio Evaluation. In the case of the Philippines, the Country Portfolio Evaluation would require extensive input because of the complexity of the GEF portfolio in that country. On the other hand, in the case of Samoa, the portfolio is limited, so the evaluation could be prepared with limited investment in consultant time and management from the GEF Evaluation Office. The annex provides a summary of the information on Philippines and Samoa.

### **Fiscal Years 2008 – 2011**

36. For the next four fiscal years (FY08 – FY11), the application of steps 1 through 4 generated a list presented in Table 5. The final selection of countries for each year (1 or 2) will be done, as explained above, following step 5, to ensure that the selection of countries reflects the best synergies with the evaluations proposed for that particular year by the GEF Evaluation Office. The selection criteria, including overviews of the steps taken, the implementation of these steps and the overview of countries emerging for the FY08-FY011, have been included in a document published on the website of the Evaluation Office.

### **FOURTH OVERALL PERFORMANCE STUDY AND BUDGET IMPLICATIONS**

37. The GEF has undergone four overall independent evaluations (including the one for the Pilot Phase in 1993, OPS1 in 1997, OPS2 in 2001 and OPS3 in 2005). Each of these evaluations contributed to the decision-making processes of the GEF Replenishment and Assembly. These overall independent evaluations have so far all been outsourced to teams of independent evaluators. For OPS3, the Council prepared and approved the terms of reference. The hiring process of the evaluators was done through an open international tender, which was awarded by the independent Operations Evaluation Department (OED) of the World Bank. This was done to ensure full independence, which at that moment in time was not yet in place at the GEF Monitoring & Evaluation Unit, given the fact that the Director took up his duties in September 2006, after the tender procedure was completed.

38. The Fourth Overall Performance Study (OPS4) will have to be completed in FY10 to contribute to the fifth replenishment of the GEF. It will need to be perceived as a fully independent evaluation, building on the existing independent evaluation evidence in the GEF and producing an independent overview of results and institutional issues, which would feed into the fifth replenishment process.

39. Now that the GEF Evaluation Office is fully independent and a new GEF M&E policy is in place, the Office proposed to Council in June 2006 that the Fourth Overall Performance Study would be carried out by the Office, to ensure a smooth incorporation of evaluation

reports into OPS4 and to reduce the costs of the overall exercise. In its proposal to Council, the Office mentioned that two elements of OPS4 would need to be outsourced in any case: an evaluation of the M&E system of the GEF and a stakeholder consultation with all stakeholders of the GEF. Furthermore, the Terms of Reference for OPS4 would need to be approved by Council. The Council reacted positively, approving the underlying principles of fully integrating in the Office's four year rolling work program the necessary inputs (i.e. evaluations) for OPS4<sup>6</sup>, but requested more information from the Evaluation Office to make a final decision at its December meeting<sup>7</sup>.

40. The proposal of the Evaluation Office emerged out of a meeting with its advisors in January 2006 in The Hague and is based on the experiences with OPS3, including its cost-overrun. It was widely felt that the OPS3 had to spend a relatively high amount of resources on becoming familiar with the GEF and understanding the system – money and energy which could have been used to deepen the empirical basis of OPS3. Furthermore, the OPS3 team was not able to add any substance to what had already been found in the program studies, which were the main inputs of the Evaluation Office into OPS3. The independence of OPS3 in gathering stakeholder opinions was very much appreciated, as was the new perspective of the GEF as a network. However, the pressing time limits and steep learning curve led to an overrun of costs on the side of the OPS3 team, whereas the Evaluation Office part of the budget was spent according to plan, with some minor savings.

41. The advice of The Hague meeting was to ensure that the four year rolling work plan of the Evaluation Office would build up towards OPS4. Throughout the years evaluations would cover the various subjects, themes, programs and focal areas in the GEF and would thus allow for a better integration of findings in the overall synthetic view that OPS4 would need to present to the fifth replenishment. This vision of how the four year rolling work plan would interact with OPS4 was presented at the Council meeting in June and the underlying principles were accepted by Council.<sup>8</sup> The remaining element is now to ask Council to approve the proposal that OPS4 will be prepared, managed and implemented by the GEF Evaluation Office.

42. On the positive side it should be noted that this will enable a better integration of evaluation reports into OPS4 for a considerably lower price, since no external consultant team will need to go through a learning period. Secondly, the work in OPS4 itself can be focused on any additional empirical or qualitative work that would be needed to update findings or fill in the gaps between reports. Lastly, it would show that the GEF has confidence in the improvements it has made in its own M&E system, with the move towards an independent Evaluation Office at internationally acceptable level and the adoption of a GEF M&E policy.

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<sup>6</sup> Joint Summary of the Chairs, June 22, 2006 – paragraph 12.

<sup>7</sup> Joint Summary of the Chairs, June 22, 2006 – paragraph 75: “Many Council Members agreed with the suggestion to ask the Evaluation Office to implement OPS4; it was also felt that further information would be useful before a final decision would be taken.”

<sup>8</sup> Joint Summary of the Chairs, June 22, 2006, paragraph 12.

43. On the negative side, the GEF Evaluation Office could be perceived by outsiders as not sufficiently independent from the GEF as a whole. It is after all financed by the Council and reports to the Council. Furthermore, the Office may be seen as having been involved too intimately in the system and no longer having a fresh outsider perspective. The GEF may even appear self-congratulatory if OPS4 would be positive in tone and this tone would be seen as emanating from part of the GEF itself.

44. The Evaluation Office feels that the advantages outweigh the disadvantages, especially because cautionary measures can be taken to prevent negative effects. First of all, it should be noted that any independent team of consultants that would undertake OPS4 would do this funded by the Council and reporting to the Council, as was done for OPS3. In this regards, hiring independent experts does not bring extra independence. Secondly, although the Office aims to bring an unbiased perspective to its evaluations, it would in addition be worthwhile to ensure that fresh outsider perspectives will be brought into OPS4, and mechanisms can be incorporated that will do that. Thirdly, if OPS4 is positive in tone, it will not be considered to be self-congratulatory if the findings and conclusions are based on solid empirical and qualitative data and analysis and if the independence of the Evaluation Office is recognized through an external peer review.

45. Consequently, the GEF Evaluation Office proposes that the Fourth Overall Performance Study of the GEF should be managed and prepared by this Office. If necessary, the Office will contract outside specialized expertise to cover specific elements, issues or tasks of OPS4. This would mean that no independent team of consultants would be hired for OPS4, but that the work would be carried out by the Office and consultants hired by the Office. As was the case for OPS3, the TOR for OPS4 would be decided by the Council, on the basis of a first draft prepared by the Office. Nevertheless, two aspects of OPS4 should still be contracted out to be fully independent: a worldwide stakeholder consultation and an independent evaluation of monitoring and evaluation in the GEF.

46. It is expected that with inflation increase over the years an OPS4 on the same basis as OPS3 (outsourced to a team of consultants) would amount to more than US\$2.7 million (a reference point may be the Independent External Evaluation of FAO, which is currently running for a budget of more than US\$4 million, for an organization that has a lower annual budget than the GEF). By integrating substantial portions of the necessary work for OPS4 into its regular work program, the Office expects to achieve efficiencies of US\$0.5 million to \$0.7 million, meaning that by the end of OPS4, the Office could have conducted the overall study for \$2 million to \$2.25 million. This will imply that the Office's budget from FY08 onwards will include a relative portion of this cost within its budget, to reflect increases in the activities building up to OPS4. A more detailed plan and a justification of why the efficiencies can be achieved while increasing the scope and depth of OPS4 will be presented as part of the next four year rolling work plan and budget to be submitted to Council for its June 2007 session.

## **The Budget Structure**

47. Council requested the Office in June 2006 to provide an integrated budget with clearer guidance and priorities for special initiatives. This referred especially to the fact that some of the special initiatives proposed, such as an extra Country Portfolio Evaluation, were considered by many Council members to be a regular activity of the Office rather than a special, ad hoc initiative coming on top of the regular work.

48. The Office proposes to develop a new, integrated budget on an activity basis, which would not follow the budgetary discipline of adding a 3 % inflation compensation increase annually, but would adopt a four year perspective, in which activities will gradually increase towards the year that OPS4 will be fully implemented, and will decrease in the year afterwards. In other words: the budget would no longer show OPS4 as a special initiative, but would incorporate the funding in its regular budget. Over the four years, budgetary discipline will be ensured through following the four year pattern rather than fixed increases per year and by being fully accountable for the relationship between budget and actual products delivered. In overall terms the budget will be lower in total over four years than an annual regular budget increased with 3 % and a special initiative to cover OPS4.

## Annex I – Selection Criteria Applied to the Philippines and Samoa

	Philippines	Samoa
<b>RAF Allocation</b> Biodiversity Climate Change	\$21.3 mil \$6.6 mil	group (up to \$3.4 mil) group (up to \$3.1 mil)
<b>GEF portfolio</b> Completed projects On-going projects	7 project - \$56.07 mil 18 projects - \$65.09 mil	2 project - \$1.10 mil 5 projects - \$1.00 mil
<b>Focal Areas</b> (projects) Biodiversity Climate Change International Waters Land Degradation POPs	13 projects 9 projects none 1 project 2 project	4 projects 1 project none 1 project 1 project
<b>Type of project</b> Full size Medium size Enabling Activity	15 projects 4 projects 6 projects	none 1 project 6 projects
<b>IA/EAs</b> World Bank UNDP ADB	9 projects - \$83.95 mil 15 projects - \$27.87 mil 1 project - \$9.34 mil	1 project - \$.92 mil 6 projects - \$1.17 mil
<b>Selection Criteria</b>		
<b>Policy Relevance</b> Place in RAF Number of Focal Areas Number of IAs/EAs Types of projects	More than \$50 mil 4-6 More than 3 More than 3	groups 4-6 0-1 2
<b>Financial weight</b> Amount of GEF \$ approved	More than \$100 mil	More than \$5mil
<b>Stakeholder opinion &amp; demand</b> SIDS/LDC	Large RAF recipient	SIDS and LDC
<b>Public and media debate</b> Media coverage	Often in the news -renewable energy, ecotourism	Rarely in the news
<b>Evaluation coverage by GEFO</b>	JE, LBS, CCPS, SMPR	No EO evaluations
<b>Evaluability</b> Info baseline; national environmental strategies, NCSAs, RAF prioritization, previous IAs/EAs evaluations and sector work	IAs/EAs country strategies and evaluations; NCSA completed, environmental strategy, RAF prioritization, IA/ExA sector review	National environmental management strategy, NCSA, UNDP country program, World Bank IEG review
<b>Synergy/International collaboration</b> Planned evaluations	Small Grants Program evaluation (large program and one of the more mature) Extensive portfolio with capacity building and replication objectives.	Small Grants Program (more recent program) Some projects with capacity building and replication objectives

