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SEVENTH OVERALL PERFORMANCE STUDY OF THE GEF

Independent Evaluation Office
GLOBAL ENVIRONMENT FACILITY

Working Toward a Greener Global Recovery

OPS7

SEVENTH COMPREHENSIVE EVALUATION OF THE GEF

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STATEMENT
BY THE INDEPENDENT ADVISORY PANEL

The Independent Advisory Panel has prepared the following statement, after reviewing the background material, several versions of the OPS7 text, and the final OPS7 as well as in-depth discussions with the IEO.

Introduction

The quality of the work by the Independent Evaluation Office (IEO) of the GEF is impressive. Based on solid evidence, clear methodology, analysis of the multiple funding mechanisms, and consideration of the contexts of GEF interventions, the OPS7 sets a high standard for integrated and strategic independent evaluation exercises, both in terms of thematic evaluations and in terms of portfolio evaluation. The report gives important conclusions and recommendations on the GEF's overall performance and the portfolio's strategic composition to the GEF's senior management and its governance bodies. If placed in the context of a sharply deteriorating global environment and climate change, which are at the core of the GEF's mandate, the report's conclusions can be valuable in raising the impact of future choices, and more concretely the 8th Replenishment Round.

Methodological reflection

The OPS7 is based on a clear methodology and convincingly makes the link between the GEF's logic of intervention, its funding incentives and choices, and the results achieved. The methodology builds on and further develops the already strong approach of OPS6.

OPS7 is based on multiple sources of evidence and the application of different methods, thus allowing for adequate triangulation to ensure the reliability and credibility of the findings. This OPS benefits from a comprehensive and consistent database of GEF projects. In addition, more evidence on completed projects and post-intervention effects were available and used.

The Panel commends the IEO for its clarity and transparency when it comes to describing the strengths and weaknesses of the approach that is followed. Conclusions are nuanced, addressing effectiveness and efficiency in the context of specific interventions and within the varying

logics of types of GEF interventions. Recommendations are clear and based on the conclusions.

Implications for the use of the OPS7

The global community today has recognized what the science points to: that environmental, biodiversity and climate challenges are tightly interlinked and that associated risks are existential. In that context, the Independent Advisory Panel wishes to emphasize the following crucial elements:

- This OPS7 comes at a critical moment when high-profile reports (for example, IPCC, IPBES, IRP) are sending the strong and unmistakable signals that humanity is facing crises that require fundamental, systemic, and urgent responses.
- The understanding is vital that climate change, biodiversity loss and human health and well-being are strongly interconnected and reflect the impacts of fundamentally unsustainable systems of production and consumption.
- Responses to these crises will require strong, urgent, and interconnected interventions that are systemic in design and thus are able to deal with the core drivers of harmful economic and social practices and unsustainability. To address these crises, systemic transitions that lead to actual transformation of productive practices, values, and consumption choices are required, beyond the many individually impactful but too often fragmented approaches that have tended to predominate the work of development agencies, including those funded by the GEF.
- Increased attention and resources as well as revamped political will are needed to understand and mitigate the social and distributional origins and effects of the socio-ecological crises and to facilitate the transformations required to tackle current challenges and prevent future catastrophes.

The environmental, biodiversity and climate crises relate directly to the GEF's mandate and mission. The members of the Independent Advisory Panel urge the GEF's leadership to incorporate these concerns at the core of the 8th Replenishment Round. That means that the proposed intervention logic and work programmes of the institution should strongly reflect the scale, urgency, and systemic approaches needed. This may mean looking for unconventional or innovative formulas that incentivize and enable GEF Agencies and their clients to work in even more integrated formats or that address gaps in country institutional coordination capabilities to achieve more integration and systematic approaches at the country level across agencies. OPS7 offers a significant number of valuable lessons to this end, and we urge the GEF leadership to heed these insights.

Hans Bruyninckx
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EXECUTIVE SUMMARY

Over the last decade, the world has become more aware of the urgency of the ecological crisis, made manifest through accelerated species and habitat loss, desertification and land degradation induced by unsustainable human activities, and a changing climate with increasingly devastating consequences. The COVID-19 pandemic has further raised awareness of the human-environment nexus: that human activity affects climate change and environmental degradation, which in turn affect human life. In addition to the huge toll on human lives worldwide, the pandemic has been highly disruptive on several fronts and precipitated an economic crisis of massive unemployment, livelihood loss across all countries, and a contraction in global gross domestic product.

Multiple market failures, incoherent policies, and governance issues have contributed to these crises, presenting risks not just to the environment but to livelihoods and well-being, particularly to vulnerable sections of society. In addition, institutional failures persist, with governments paying people more to exploit nature than to protect it. The roll-out of several large recovery programs by the world's leading economies includes investments in alternative and renewable energy, the greening of cities, the promotion of the blue economy, and circular economy approaches; this is gratifying but not sufficient.

Building back greener is rooted in the social-ecological nexus, where socioeconomic and environmental systems interact. It entails fundamentally transforming existing practices in extraction, production, distribution, consumption, and waste management to avoid perpetuating irreversible habitat and species loss, climate change, land degradation, and increased involuntary migration and inequality. This objective requires well-thought-out policies and investment in nature-based solutions to protect biodiversity, stabilize climate, and manage land, water, and ocean resources sustainably. Commodity and value chains will need to be aligned with principles of circular economy, powered by carbon-neutral energy systems. Fossil fuels will need to be phased out, with major investments made in alternative and renewable energies. In sum, a clear departure from business as usual, with bold reforms and investments, is in order. Transformative change is imperative.

Just as the Rio conventions in 1992 were created as an expression of political will, **building back greener** will require intentional, substantial, and concerted action, engagement, and commitment by governments, development finance institutions, the private sector, and civil society. Clearly, the path to a greener recovery is going to be challenging and will vary based on country characteristics, financial and institutional capacity, and political will. But the situation now differs from the landscape of the early 1990s. The urgency is heightened, our knowledge and capacities have expanded, and our focus has been sharpened. Moreover, today, decision makers can lean into **30 years of Global Environment Facility (GEF) implementation experience**.

The GEF is the world's only multilateral institution that has addressed—over three decades and across the focal areas of biodiversity, climate change, international waters, land degradation, and chemicals and waste—a broad range of environmental challenges spanning the full spectrum of human-ecological connections. Further, through its multifocal projects and programmatic approaches, the GEF aims to create interlinkages and synergies across focal areas and planetary boundaries. Since its inception in 1992, the GEF has provided more than $21.1 billion in grants and mobilized an additional $117.0 billion in cofinancing for more than 5,000 projects in 170 countries. As the global environmental landscape presages catastrophes to come, the GEF will need to activate the influence promised by its theory of change, and demonstrated in its abundant experience, in leveraging, partnerships, and scaling up, integrating with development policy for increased environmental sustainability.

The GEF Trust Fund is replenished every four years; these replenishments are informed by a **comprehensive independent assessment of GEF results and performance**. This seventh comprehensive evaluation of the GEF (OPS7), conducted by the GEF's Independent Evaluation Office (IEO), aims to provide solid evaluative evidence drawn from 34 separate evaluations conducted since OPS6 to inform the negotiations for the eighth replenishment of the GEF. It also draws on the terminal evaluation reviews of 1,806 completed GEF projects and covers the entire GEF portfolio of 4,786 approved projects from the pilot phase through June 15, 2021.

The OPS7 report is organized along three themes: **what works in the GEF**, **how things work in the GEF**, and **why things work in the GEF**. The first theme focuses on the performance, results, and impacts of GEF interventions at the overall portfolio level, in countries, and in the GEF focal areas, with a special focus on the factors influencing long-term sustainability. The second theme on GEF approaches and enablers dives into the mechanisms through which the GEF delivers its interventions, including the Small Grants Programme (SGP), medium-size projects (MSPs), enabling activities, and integrated approaches. The third theme analyzes the strengths and challenges in the enabling infrastructure that supports GEF interventions through GEF support to innovation and scaling-up; the GEF's engagement with the private sector; the design and implementation of the GEF's institutional policies on gender, safeguards, and stakeholder engagement, including with indigenous peoples and civil society; and the management of results and knowledge in the GEF.

What works in the GEF: performance

Cumulatively, 80 percent of all completed GEF projects, accounting for 79 percent of GEF grants, are rated in the satisfactory range for outcomes. Adaptive management, the quality of project design and implementation, country context, and timely materialization of cofinancing in supporting project outcomes are important factors.

Eighty percent of completed projects have satisfactory implementation and execution ratings; the quality of monitoring and evaluation design and implementation has improved over time, with more than two-thirds of projects rated in the satisfactory range. Sixty-eight percent of projects approved from GEF-4 onward are more likely to be sustainable at completion, an improvement over earlier GEF periods. Stakeholder and/or beneficiary buy-in, political support including adoption of complementary legal and regulatory measures, financial support for follow-up, materialization of cofinancing, and sustained efforts by the executing agency improve the likelihood of sustainability. Not surprisingly, the COVID-19 pandemic has affected the implementation and performance of 88 percent of GEF projects, according to a recent review conducted by the IEO.

GEF FOCAL AREA PERFORMANCE

In GEF-7, focal area strategies have continued their strong record of responding effectively to guidance received from the global conventions and international agreements. Achievements against GEF-5 targets present a mixed picture.

The strategic objectives in **biodiversity**, which derive from those of the Convention on Biological Diversity, have evolved throughout the GEF replenishment periods to refine approaches to address the drivers and pressures promoting biodiversity loss. Achievement of projects targeting effective conservation and management of protected areas is falling short of GEF-5 targets, but targets related to sustainable use and management of biodiversity in land and seascapes are likely to be met.

The **climate change** strategy has been guided by three principles: responsiveness to the United Nations Framework Convention on Climate Change guidance, consideration of national circumstances of recipient countries, and cost-effectiveness in achieving global environmental benefits. Adaptation activities have been supported separately through the Least Developed Countries Fund and the Special Climate Change Fund. In GEF-7, the GEF has introduced the Challenge Program for Adaptation Innovation, which aims to strengthen private sector engagement, mobilizing additional resources for technological innovation and adaptation. GEF-5 targets for carbon dioxide–equivalent emissions and demonstration of innovative technologies have been exceeded.

Since the **international waters** focal area does not serve one specific international convention, its strategy has been refined over time in response to emerging understanding and international agreements on critical issues. The GEF-7 international waters focal area brings heightened focus on two critical water-related issues that threaten global sustainability: declining marine fisheries and the growing impacts of socioeconomic development and climate change on freshwater security. Multistate cooperation for large marine ecosystems is close to achieving GEF-5 targets, but falls short of combined intentions in projects. Fisheries, the largest portfolio, is responding effectively to the overexploitation of marine fishery resources, reducing stress reduction on these resources while increasing incomes and food security.

A major influence on the **land degradation** strategy is its role as a financial mechanism of the United Nations Convention to Combat Desertification. In particular, the strategy continues to promulgate technical and financial support for capacity building, reporting, and voluntary national land degradation neutrality target setting and implementation. The strategy also highlights integration through the GEF impact programs and seeks private capital to enhance sustainable land management. The GEF-5 targets were not operationalized effectively with regard to agricultural/rangeland systems under

sustainable land management, with the target being achieved in less than 2 percent of GEF-5 projects.

The **chemicals and waste** focal area has moved away from a chemicals-specific approach to a sectoral approach. Large recent investments include the ISLANDS program, which has been designed to reduce and sustainably manage chemicals and waste in tourism, agriculture, and health care; and the Artisanal and Small-Scale Gold Mining program, which focuses on a sector and mercury reduction in artisanal gold mining. Inclusion of chemicals and waste objectives in the integrated and impact programs has been limited. No results have been reported as yet with regard to the environmentally safe disposal of obsolete pesticides against GEF-5 targets. Progress against the target for disposal/decontamination of PCBs and related wastes has been strong in those projects reporting on this to date, with intended amounts exceeded. However, the overall amount achieved so far is far short of the GEF-5 target.

GEF PERFORMANCE IN COUNTRIES

The GEF is an important source of funding and support for recipient countries in their efforts to achieve environmental goals and strengthen institutional development and policy through reform.

GEF engagement in countries begins with the **Country Support Program**. This program helps communicate the changing requirements of the GEF and its policies, facilitates dialogue between diverse stakeholders, and assists countries in accessing GEF resources. Efforts are needed to make events more inclusive, enhance country ownership, and improve the timing of the national dialogue or similar mechanism.

The path to a greener recovery will be different for each country. There is considerable heterogeneity within and across GEF country groups—which include least developed countries (LDCs), small island developing states (SIDS), and GEF high-recipient countries—as well as varying capacities and institutional frameworks, all of which contribute to differences in outcomes and sustainability. **Country context, situation, and capacity** consequently need to be taken into account in the design and implementation of GEF projects and programs. Other elements to note include financing for long-term sustainability, particularly in LDCs, SIDS, and fragile and conflict-affected situations; building partnerships through effective stakeholder engagement; obtaining strong government buy-in and support; recognizing the environment-development nexus at design and measuring socioeconomic co-benefits; and allowing for adaptive and flexible management in implementation. In high-recipient countries, the path to recovery will require addressing environmental goals alongside inclusive development.

To better assist countries in their recovery, a more **systematic approach to country engagement** would be useful. The national dialogue or similar approach, with the potential to assist countries through a GEF country program strategy or country partnership strategy based on national priorities and convention requirements, would be appropriate. Such a strategy, developed jointly with the country and building on the experience gained with voluntary national portfolio formulation exercises conducted in GEF-5 and GEF-6, would help establish clear goals for GEF country engagement with measurable environmental and socioeconomic indicators. It would also help forge effective partnerships once the strategy is made available to and clarified for public and private stakeholders. Finally, it would ensure more efficient allocation of scarce country resources based on a clear strategy rather than a fragmented project-by-project approach.

The GEF shift to integrated approaches has not affected the relevance of GEF interventions in program countries, because they are aligned with national environmental priorities. However, generating environmental and socioeconomic benefits at scale can be challenging, even in countries like the high-recipient countries that have institutional capacity and experience. Once again, a clear strategy and plan for scaling-up are imperative for realizing the objective of generating environmental benefits at scale.

How things work in the GEF: approaches

ENABLING ACTIVITIES, MEDIUM-SIZE PROJECTS AND THE SMALL GRANTS PROGRAMME

The GEF has used a variety of approaches for its interventions, including enabling activities, MSPs, and the SGP. Established in the mid-1990s, these have evolved over time and have each played a specific and important role in the GEF suite of instruments. They have met their intended objectives and, with process improvements, can be further leveraged to enhance impacts.

The clear purpose of **enabling activities has been to fund the preparation of reports, plans, strategies, and assessments** as part of reporting requirements of conventions. This important role should clearly continue. While the approval process is efficient, there are clear inefficiencies in how disbursement and implementation are carried out. Unlike programs of similar size, such as the SGP, enabling activities are not operationalized through a strategic and programmatic approach.

MSPs have played an instrumental role in encouraging innovation in the GEF. They appear to be most effective when they are (1) applied to risky projects that test new approaches and leverage more traditional forms of capital, (2) integrated into a larger intervention, or (3) supporting targeted research of global or regional importance. The MSP should continue to be primarily used for developing innovative projects and should be systematically monitored and evaluated to provide lessons for scaling-up or replication. Reducing the administrative requirements for the two-step MSP approval process would make the MSP attractive to all GEF Agencies.

The SGP continues to be highly relevant to the GEF partnership, UNDP, and local partners. As a global program that channels GEF and non-GEF resources to civil society and community-based organizations, **the SGP is unique and the only window through which small-scale, local organizations can access GEF resources**. It has been consistent in contributing to social and environmental benefits in all the countries where it is present. In fact, the SGP's additionality is defined more by its engagement with local partners than in the technologies or approaches it promotes. However, program benefits could be further enhanced with clarity on the strategic vision, simplification of the governance structure and lines of accountability, and improvements in the upgrading process.

INTEGRATED PROGRAMMING

The share of integrated programming is increasing in the GEF. More than $1 billion has been allocated for integrated approach programming in 56 countries via three integrated approach pilots (IAPs) in GEF-6 and five impact programs in GEF-7. These five impact programs account for nearly a fifth of overall GEF-7 funding, and integrated programs feature even more prominently in GEF-8 proposed Programming Directions, with 11 programs covering all GEF focal areas with different degrees of integration. **The principle of**

integration has merit, but the GEF still needs to demonstrate program-level additionality.

Overall, GEF-7 integrated programs represent an improvement over the GEF-6 IAPs in several dimensions. GEF-7 impact programs show evidence of learning and evolution from the pilot phase, including in relevance and coherence of design, process, and results. The GEF-7 impact programs as designed remain relevant to the conventions, national priorities, and drivers of environmental degradation. Compared to the IAPs, impact programs have been designed with stronger theories of change, and lead Agencies are engaging earlier and more intensively to develop common program-level results frameworks. In terms of process, the roll-out of the GEF-7 impact programs was more transparent and inclusive. A stronger role for lead Agencies is envisioned in GEF-7 and shows promise for supporting continued program internal coherence and results achievement. The design of knowledge platforms in GEF-7 impact programs also reflects lessons learned from the IAPs in terms of better tailoring platform offerings for country needs. Finally, cross-cutting issues have received more emphasis in GEF-7 impact programs, with respect to gender mainstreaming, climate resilience, and private sector engagement.

Challenges remain in design, implementation, and measurement. **Five crucial areas will need to be addressed in GEF integrated programs** in terms of greater coordination among ministries in recipient countries, greater cooperation among GEF Agencies, clarification of aggregate program-level reporting requirements for lead Agencies, demonstration of the additionality or value added of integration in programs, and greater diversification of countries included in these programs. Addressing the drivers of environmental degradation at scale will need to be balanced against being responsive to the needs of all recipient countries, including LDCs and SIDS.

INNOVATION AND SCALING UP IN THE GEF

The GEF supports innovation across its portfolio in all focal areas, project sizes, regions, and trust funds, and there is an increasing trend in innovative projects over the GEF replenishment periods. **Innovation is associated with higher additionality or value added in almost all projects.** It is also associated with transformational change in more than a third of the projects assessed. Projects combining innovations of different types support better sustainability and scaling up of outcomes compared with projects with stand-alone innovations. This is especially so when technological, business, or financial innovations are underpinned by policy and legal frameworks, institution building, and capacity development.

The GEF's competitive advantage in supporting innovation lies in its established willingness to provide grant funding, bridging the gap between the proof of concept and demonstrated practical applications. In so doing, **the GEF helps bring innovations to the point where the risk of investment is low enough** for governments, multilateral development banks, or the private sector to consider lending.

Despite the positive experience of the GEF in supporting innovation, **some obstacles remain that need to be addressed** going forward with GEF-8 and beyond. Since many innovations involve risks, greater clarity is required on acceptable levels of risk for the GEF portfolio. Innovation support programs may mobilize larger sources of risk capital and partnering with them may be a way forward for the GEF. A separate funding window for innovative projects, good monitoring, explicit encouragement of adaptive management, and flexible funding, such as a contingency component, may create a more favorable environment for innovation. Regular monitoring, midterm reviews, evaluation, and real-time

knowledge sharing regardless of project size would provide valuable insights into success and failure prior to scale-up or replication.

Over the past three decades, **the GEF has gradually shifted its focus from pilots to scaled-up interventions**. The extent of GEF support to scale-up and the rate at which outcomes are scaled vary by focal area, but typically take place over more than five years and generate higher outcomes per GEF dollar per year. Operational guidance for scale-up is not consistently clear across all programs and projects, and indicators used are not always consistent between the pilot and scaling-up stages, limiting the ability to track progress.

GEF ENGAGEMENT WITH THE PRIVATE SECTOR

The GEF has a long history of working with a wide range of private sector partners, and engagement with the private sector has been increasing over time. The GEF-7 strategy of engagement rests on two pillars—**working with the private sector as an agent for market transformation**, and **expanding the use of nongrant instruments** (NGIs)—both with different objectives, characteristics, and operationalization.

Private—as well as public—stakeholders acknowledge the strengths of the GEF in its unique and broad environmental mandate; its flexibility to work across many environmental sectors, which allows for solutions to complex, multifocal environmental issues; the depth of its technical knowledge; and its established relationships with governments through country focal points, which make the GEF well positioned to build coalitions and partnerships.

However, the GEF-7 strategy's success will rely heavily on the GEF's ability to make a few crucial adjustments to its private sector operations and take into consideration private sector actors' fast-paced, focused, results-oriented culture—and their diverse, context-specific needs. At present, the GEF's operational culture, procedures, and decision-making process discourage potential private sector partners from applying for support. If the GEF is serious about private sector engagement, considerable efforts will be needed to **educate the private sector about the GEF**, work closely with all private entities that play an integral role in value chains, and use a differentiated approach to engage with the heterogeneity across private sector players. Policy and regulatory reform, along with institutional strengthening, will continue to underpin successful engagement with the private sector to address market failures and provide a level playing field for all private enterprises.

Given the mismatch between the demand for investment projects with relevant sustainable development impacts and the supply of finance seeking sustainability and market returns, **financial instruments such as NGIs are likely to be needed to address market gaps**. The GEF NGI program would benefit from a private capital market investment framework that calibrates a better balance between the emerging business opportunities in the climate change and biodiversity/nature-based solutions market space and the investment risks that result from the NGI "first-loss" de-risking market position. There is a strong case to be made for the GEF to undertake a systematic investment risk assessment of its NGI project portfolio at least on an annual basis. In addition, developing a clearer strategic long-term vision for an NGI operational model; formulating a more effective strategy of communication, outreach, and engagement for NGI project development; and an improved selection process based on industry good practices would strengthen this investment vehicle. Systematic monitoring of results and impacts will be

critical in building investor confidence in the GEF's ability to implement NGI projects.

Why things work in the GEF: policies and systems

GEF POLICIES

The GEF Stakeholder Engagement Policy, Policy on Gender Equality, and Policy on Environmental and Social Safeguards are contemporary, aligned with relevant global strategies, and well supported by the GEF Secretariat. Significant progress has been made on gender, and the GEF Gender Partnership is a strong knowledge-sharing, knowledge exchange, and capacity development forum with considerable potential for replication across other policies within the GEF. The updated Policy on Environmental and Social Safeguards has increased coverage of previously identified gaps, but would benefit from a knowledge-sharing effort that leverages expertise within the GEF partnership to highlight approaches for addressing safeguard implementation issues related to the updated policy.

With respect to stakeholder inclusion, the GEF has a long-standing commitment to engage civil society and indigenous peoples in GEF policies, strategies, programs, and projects—and this has been reinforced by the policies. The Indigenous Peoples Advisory Group has gained credibility as a knowledge resource and could be leveraged further. The position of the GEF–Civil Society Organization Network has unfortunately weakened over the past four years and has not demonstrated its value proposition in a way that attracts donor resources. The GEF should consider rethinking its approach for how best to meaningfully engage civil society, learning from other organizations navigating similar challenges.

GEF SYSTEMS FOR RESULTS-BASED MANAGEMENT AND KNOWLEDGE MANAGEMENT

The GEF is continuously working to improve its results-based management system. Tracking tools and indicators have been streamlined and the indicators revised. Agency self-evaluation systems support accountability and the reporting of results on GEF projects. The system to capture data, the GEF Portal, has improved its reporting and data quality. In GEF-8, there are further opportunities to strengthen the GEF results-based management system by incorporating indicators that capture results related to integrated approaches and pilots as well as socioeconomic co-benefits. The Agency self-evaluation systems generally provide credible information, but there are gaps in submission of project implementation reports and midterm reviews, and reporting is sometimes less than candid. Self-evaluation products are currently not leveraged sufficiently for cross-Agency learning.

Knowledge is an important resource of the GEF and requires a common approach to leverage the potential across the partnership through integration and easy access. Over the last two replenishment periods, the GEF has recognized the relevance of knowledge management to its mandate and has launched several knowledge management initiatives. The integrated approach pilots and impact programs have increasingly used knowledge platforms that have been effective in fostering learning and exchange.

A clear knowledge management strategy, supported by an action plan, would help set the priorities and define roles and responsibilities for knowledge management and learning across the GEF partnership. At the operational level, a technical solution would help capture and store project and program knowledge and present them in usable and accessible formats for

internal and external users. At the policy level, GEF guidance on incorporating knowledge management in projects or programs can be further strengthened by including a realistic and clear link between knowledge management activities and project objectives. Knowledge platforms and communities of practice could effectively use global knowledge and country context to provide more tailored assistance to GEF recipient countries.

Conclusions

Conclusion 1: The GEF continues to be a relevant financing mechanism of numerous conventions and multilateral environmental agreements, while advancing integrated programming on priority environmental issues and systemic transformation. At its core, the GEF is the sole financing mechanism of five global conventions and multilateral environmental agreements, mobilizing environmental finance in pursuit of global environmental benefits, nature-based solutions, and transformational change. Given this mandate, the GEF has an important competitive advantage in enabling programmatic approaches across complex systems. Building on its success with multifocal projects and the IAPs, the GEF has pursued a trajectory of integration with the design and implementation of impact programs grounded in a systems change–based approach. Nevertheless, it has yet to address fragmentation in the delivery of its integrated approach programs and to demonstrate the additionality of integration. Focal area and impact program–related integration in GEF programming and project development has not been robustly translated into country-level action across ministries and sectors. Also, although there is some participation of priority country groups—specifically, LDCs and SIDS—in the impact programs, there is scope for the programs to be more inclusive.

Conclusion 2: The GEF has a strong record of performance. Over its 30-year history, the GEF has demonstrated improvements on all performance measures. Cumulatively, 80 percent of all completed GEF projects, accounting for 79 percent of GEF grants, are rated in the satisfactory range for outcomes. Since it takes time to observe outcomes, currently outcomes on GEF-5 indicators are being observed. The GEF is on track to meet the GEF-5 replenishment targets for 7 of 13 results indicators. Sustainability of outcomes has improved in recent GEF periods.

Conclusion 3: The GEF is a robust and adaptable partnership, comprising environmental, development, and financial expertise, convening multistakeholder programs and projects at multiple levels. The GEF partnership comprises some of the world's leading development finance, development practice, and environmental organizations. However, evidence of continued competition persists between GEF Agencies at the project and country levels, with established relationships sometimes taking precedence over more objective considerations of Agency advantages. As a consequence, the partnership is not making the best use of its Agencies in supporting countries to realize their environmental ambitions and commitments.

The GEF continues to play a critical role in convening different stakeholders, including governments, multilateral development banks, nongovernmental organizations, civil society organizations, international organizations, and the private sector. The Private Sector Engagement Strategy and the NGI have allowed the GEF to make important improvements in this regard, although the NGI still needs to address constraints in terms of available expertise in the partnership in its design and implementation and administrative process issues.

The partnership has adapted its processes, mechanisms, and schedules during the pandemic to ensure

continued pipeline development and project implementation. On the ground, GEF executing agencies and partnering civil society organizations have continued their efforts, despite the challenges of lockdowns, curfews, and stakeholder and colleague accessibility.

Conclusion 4: The GEF is a source of predictable environmental finance, enabling the mobilization of cofinancing and project scale-up. The GEF's System for Transparent Allocation of Resources (STAR) provides predictable environmental finance for countries to meet their commitments and obligations to the conventions and multilateral environmental agreements through focal area and multifocal projects as well as integrated programming. Such predictability, however modest, is a major advantage of the GEF, as it results in actions, practices, projects, and programs across the broader field of environmental sustainability—not only by the GEF but by other organizations as well.

The merit of retaining specifically designated STAR portions in line with the conventions remains unclear, given that global environmental challenges are multifaceted and related to entire commodity chains and complex biomes, largely situated at the social-ecological nexus. Furthermore, the shift toward integrated programming has not reduced the GEF's ability to help countries to deliver on their convention commitments.

While GEF resources are relatively modest compared to some more recent and much larger climate funds, these resources have mobilized up to nearly 10 times the GEF's contribution. The GEF still has an unrealized potential for mobilizing additional resources in strategic and complementary ways. Possibilities include partnering with financing institutions—such as the Green Climate Fund, multilateral development banks, bilateral donors, foundations with complementary visions, and the private sector—to pursue synergies.

Conclusion 5: The GEF supports upstream policy work and the development of enabling environments at the country level, and its projects have contributed to building stronger country institutions; however, the GEF's ability and effectiveness in promoting policy coherence and institutional synergy will require substantial efforts by the GEF, together with complementary efforts in enforcement within countries. The GEF is valued for its focus on upstream work and its support in the creation of enabling environments to encourage public and private investments in environmental projects through policy, legal, and regulatory reform. The GEF is well situated to support the development of government institutions and other national actors' capacities, concurrently raising the profile of the environmental sector in the wider institutional and political economy landscape. GEF enabling activity support is an important competitive advantage in this regard, as it helps countries comply with their reporting and other obligations to the conventions/multilateral environmental agreements.

Many countries lack coherence between sectoral economic plans and environmental objectives. Prevailing contradictory or even perverse financial instruments, fiscal incentives, and public investments are the main barriers to transformational change and sustainable recovery. However, the GEF partnership will have to address the challenges associated with driving policy coherence in recipient countries, including, but not limited to, governance, oversight, and the control of public spending. Thus, even when projects manage to align with good policies, their enforcement is not always within the GEF's control.

GEF projects have also contributed to institutional strengthening and capacity building in member countries and have been widely recognized for being effective in delivering both. Focal ministries have reportedly been strengthened with technical capacity,

materials, and policy support. The bulk of such institutional strengthening, however, is mostly restricted to the environmental sector; with few exceptions, little capacity was created in other sectors.

Conclusion 6: The GEF has a tried and tested set of implementation mechanisms, and each is effective in realizing its stated purposes—albeit with scope for increasing efficiencies in terms of time and financial resources. The GEF uses a range of mechanisms to address its various priorities and target groups, delivering projects of different sizes and approval requirements. The GEF and its partners are thus able to tailor projects to specific needs, obligations, and circumstances. GEF enabling activities have provided invaluable support to countries in enabling timely compliance and reporting to the conventions and multilateral environmental agreements. Relatively smaller and newer GEF partner Agencies see MSPs—and potentially the SGP—as strong entry points to engage with the GEF. MSPs support pilots and innovative projects that can then be scaled up; SGP grants, awarded at the grassroots level, can support the development of a dynamic civil society movement locally and globally. However, limited SGP budgets constrain the ability of civil society organizations to contribute significantly in transformative ways. And the administrative requirements associated with the MSP approval process and enabling activities are disproportionate to the level of resources associated with these modalities.

Conclusion 7: The GEF is recognized as more innovative than other environmental funding institutions, balancing the pursuit of innovation with risk and performance considerations in its selection of projects, and preparing the groundwork for other donors to scale up its successful pilots. The GEF understands innovation to entail technological advances, increased efficiency of project management, and governance improvements. Technological advances primarily have been introduced for renewable energies and, more recently, methods for nature-based solutions. Management innovations mostly concern the IAPs and impact programs, which introduced a new scale and complexity in terms of the number of Agencies, countries, and stakeholders involved. Governance innovations are related to integrated approaches, and include efforts to increase policy coherence and eliminate obstacles for private sector initiatives. Projects of different sizes—including SGP projects and MSPs—also advance technical, institutional, and social innovations.

The GEF is moderate in its risk-taking, but valuable and useful in allocating its grant funding for pilot and innovative activities, including for new technologies such as solar and wind energy. Its willingness to fund less-established technologies and enabling the piloting of innovations is an important advantage compared to other funding agencies. The approach to innovation, piloting and scaling up is not very clear and systematic.

Conclusion 8: GEF policies and systems are generally consistent with global good practice and provide opportunities for the GEF to strengthen inclusion. The policies on safeguards, gender, and stakeholder engagement are generally well addressed in the GEF's vision, strategic priorities, and operational principles. These policies have contributed toward further strengthening GEF Agency policies, making them consistent with good practice as well. Policy implementation needs to be strengthened and monitored to be able to assess their effectiveness. There is scope for more knowledge sharing and learning from Agency exchange on implementation of policies.

With regard to GEF systems, both results-based management and knowledge management have improved significantly in GEF-7. Gaps to be addressed include articulation of a clear framework for reporting on all aspects of integrated programming; this should focus

on demonstrating the additionality of the approach and the inclusion of indicators to capture policy reform and socioeconomic co-benefits in the results framework. The development of a clear knowledge management strategy that is designed to effectively collect, store, and share knowledge would help consolidate progress to date and address gaps.

Recommendations

The GEF's clearly impressive project performance at the micro level is playing out against a deteriorating environmental, biodiversity, and climate situation at the macro level. GEF programming will need to be acutely cognizant of this micro-macro disconnect, as it directly compromises the GEF's core mission. In response, the GEF should actualize its theory of change, which recognizes that micro-level project performance, while necessary, is not sufficient; it takes leveraging, mainstreaming, and risk-taking to move the needle on macro impacts. Project success, as measured, remains valuable; but greater impact can be triggered through risk-taking—notably, by engaging with crucial stakeholders like green enterprises, private innovators, and indigenous interests—even if means some project failures.

Acknowledging the significant progress made during GEF-7, several areas involving the implementation of projects, programs, policies, and systems can be further strengthened, developed, and redirected to ensure the GEF becomes an even more effective organization operating synergistically within the current challenging landscape. High-level strategic recommendations aimed at helping the GEF progress toward this goal follow; these are not presented in a hierarchical order but rather are organized by theme: GEF strategy, processes, engagement, innovation, and policies and systems.

INTEGRATED PROGRAMMING

The GEF should continue pursuing integration in programming but should clearly demonstrate the additionality of this approach in terms of environmental benefits, socioeconomic co-benefits, policy influence, and inclusion. The impact programs should be maintained along current themes, but with a greater emphasis on nature-based solutions to challenges at the social-ecological nexus. Complementarities between existing and proposed projects should be more clearly sought and articulated to support a systems-oriented approach.

Establishing clarity on roles; coordination among Agencies; and monitoring, reporting, and knowledge management responsibilities across the partnership are imperative for program success. The GEF should provide guidance and support to operational focal points for the realization of cross-government, multi-ministry leadership groups on GEF projects. It should also clearly articulate socioeconomic co-benefits and policy reforms in its results framework. The path to a greener recovery will require integrated programs to ensure the inclusion of civil society and indigenous peoples as well as other diverse stakeholders; and attention to cross-cutting issues such as gender, resilience, and engagement with the private sector.

SMALL GRANTS PROGRAMME

The GEF should reappraise its vision for the SGP in order to expand its purpose and potential for impact. The SGP has been widely appreciated as enabling civil society participation in the GEF partnership. It can play a critical role in the post-pandemic green recovery, since it provides resources that are accessible to grassroots communities, enabling them to actively participate in rebuilding a sustainable and inclusive local economy. However, different partners hold diverging

and sometimes competing visions of how the SGP could further build upon its results and social capital, which has an impact on its governance and policies. The perverse incentives under the upgrading policy should be reviewed so the SGP's nature as a community-based program is not compromised. The GEF could also consider drawing on the expertise of its expanded Agency network to deliver projects under the program.

ADMINISTRATIVE PROCESSES

The GEF should review its requirements, processes, and procedures to allow countries, Agencies, and the private sector to secure GEF resources and move to implementation and execution more quickly in the post-pandemic period. The preparation and approval of GEF projects can take many years, given the concomitant substantial requirements, processes, and procedures. To be more dynamic and transformative, the GEF will need to adjust these processes so funds can be accessed, and projects move toward implementation, more readily—particularly in the post-pandemic period. The GEF will thus be able to support a green, blue, clean, and resilient recovery with efficiency and alacrity. For one thing, the administrative requirements for the two-step MSP process should be streamlined so it does not limit the use of the MSP, which is a useful mechanism for innovation. The NGI approval process should be reviewed for consistency and to reflect industry good practice standards. And the GEF partnership must address delays in implementation of enabling activities after approval.

SYNERGIES AND COOPERATION AMONG AGENCIES

The GEF should establish clear ground rules for GEF Agency interactions with respect to project development and implementation, and in terms of engaging with operational focal points and executing agencies. Ground rules should provide guidance to the Agencies about what is—and is not—acceptable at the country level. Efforts should be made to minimize certain types of competition, favoring the selection of Agencies that have demonstrated a clear comparative advantage for certain project types and locations. Potential synergies should be cultivated between Agencies, drawing on the respective strengths of the various Agency types. GEF Agencies should be allowed to execute their own projects only on an exception basis to encourage more national organizations to undertake project execution.

COUNTRY ENGAGEMENT

The GEF should develop and implement a more strategic and coherent approach to engagement at the country level to better address varying country needs and capacities. To this end, the GEF should work proactively with countries to develop tailored strategies for engaging with the GEF, taking into consideration the programs of and possible synergies with other environment and climate funds. The operational focal points would be essential in the preparation of such a country strategy, as they engage with a range of ministries, the convention focal points, and the focal points of other key environmental and climate finance mechanisms, and can thus ensure the development of synergies across the different funds. If well designed, the country strategy would help encourage cross-institutional collaboration and foster greater policy coherence. The GEF should leverage the Country Support Program to enable greater capacity building and strengthening of operational focal points and other national institutions in line with ensuring more coherent delivery of programming.

PRIORITY COUNTRY GROUPS

The GEF should increase its support to LDCs and SIDS to have greater impact in these priority countries. GEF resources allocated to LDCs and SIDS are too limited to have impact at a sufficiently large scale in addressing

environmental problems. Moreover, few LDCs and SIDS have participated in the IAPs and impact programs. The GEF should continue to address capacity building in these groups through the Country Support Program or through synergies with other capacity-building programs. Across all country groups—particularly in fragile and conflict-affected situations—special attention must be paid to country context in project design and implementation.

PRIVATE SECTOR ENGAGEMENT

The GEF should strengthen private sector engagement with targeted support. To increase the efficiency and effectiveness of its private sector engagement, the GEF should consider (1) defining a narrower focus and specific targets; (2) clearly communicating its identity, value proposition, and processes of project design, development, and implementation to potential private sector partners; (3) seamlessly integrating financial and nonfinancial support to private sector partners, including micro, small, and medium enterprises; (4) ensuring that selected projects (and Agencies) have adequately researched and generated a pipeline of investment projects; and (5) supporting a comprehensive review and adjustment of its operational procedures to address constraints, including the possible development of a two-stage process for NGI approval.

INNOVATION AND RISK

The GEF should continue to pursue innovative projects to advance transformational change. GEF project review mechanisms should incentivize innovative projects across the partnership. The preparation process should explicitly allow for consideration of the risk associated with these projects and be streamlined.

Since innovation is associated with some level of risk, the GEF Council, together with the GEF Secretariat and the GEF Scientific and Technical Advisory Panel, should clearly articulate the level of acceptable risk across the various instruments and approaches for clarity across the partnership and to encourage innovation through a managed approach. The GEF could consider establishing a specific window for financing innovation with a higher risk tolerance.

POLICIES AND SYSTEMS

Monitoring implementation of GEF policies needs to be continued and done better. The recent GEF policies on safeguards, gender, and stakeholder engagement will need to be monitored with adequate data and evidence to be able to assess their effectiveness.

The GEF's results-based management and knowledge management systems should adapt to the shift to integration. The results-based management system should be structured to enable reporting on the overall performance of each IAP and impact program through aggregation of results across child projects, as well as demonstrate the additionality of the integrated approach. Core indicators should be developed to capture socioeconomic and policy co-benefits. Knowledge management efforts need to be coordinated across the partnership, with a focus on promoting South-South learning.

PART I

WHERE ARE WE NOW?

CHAPTER 1

CONTEXT FOR THE SEVENTH COMPREHENSIVE EVALUATION OF THE GEF

Now celebrating its 30th anniversary, the Global Environment Facility (GEF) is a multilateral environmental fund that supports developing countries in prioritizing environmental actions that deliver global environmental benefits. The GEF's mandate covers a broad range of environmental areas primarily tied to the 1992 Rio conventions and other multilateral environmental agreements: biodiversity, climate change, international waters, land degradation, and chemicals and waste. According to the June 2021 Corporate Scorecard, since its inception in 1992, the GEF has provided more than $21.1 billion in grants and mobilized an additional $117.0 billion in cofinancing for more than 5,000 projects in 170 countries.[1]

The GEF Trust Fund is replenished every four years; these replenishments are informed by a comprehensive independent assessment of GEF results and performance. There have been six such overall performance studies (OPSs) of the GEF so far. This seventh comprehensive evaluation of the GEF (OPS7), conducted by the GEF's Independent Evaluation Office (IEO), aims to provide solid evaluative evidence drawn from 34 separate evaluations conducted since OPS6 to inform the negotiations for the eighth replenishment of the GEF.

Specifically, as established in the approach paper approved by the GEF Council in June 2020 (annex B), the objective of OPS7 is to evaluate the progress made

by the GEF since OPS6, the extent to which the GEF is achieving the objectives set out in GEF-7 (2018–21), and to identify potential improvements going into GEF-8. The report also assesses the relevance and the role of the GEF in assisting countries build back from the pandemic, with a focus on a green recovery.

The audience for OPS7 comprises the GEF donors, the GEF Council, the GEF Assembly, and the GEF partners—including the GEF Secretariat, the GEF Agencies, the GEF Scientific and Technical Advisory Panel (STAP), the convention secretariats and their conferences of the parties, the GEF–Civil Society Organization (CSO) Network—and project proponents from civil society, the public and private sectors, and the academic community.

This first chapter of the OPS7 report provides the context for understanding OPS7, explaining its purpose, scope, approach, and methods as well as providing background on the GEF as an entity and progress made since OPS6. We begin with a snapshot of the global environmental challenges and constraints facing the GEF as the world emerges from pandemic to confront an unprecedented loss of ecosystems and biological species; climate change; chemical pollution; escalating pressure on forests, oceans, and wildlife, and high levels of poverty, unemployment, exclusion, and rising inequality.

1.1 The current global environment

THE LANDSCAPE

The world has recently experienced its most serious health crisis in a century—the COVID-19 pandemic. The main drivers of this pandemic's emergence may be attributed to changes in ecosystems and land use, urbanization, intensification of agriculture, and changing economic activities and international trade—making it a clear reminder of the close interlinkages between human health and ecosystem health. In addition to the huge toll on human lives worldwide, the pandemic has been highly disruptive on several fronts and precipitated an economic crisis of massive unemployment, livelihood loss across all countries, and a contraction in global gross domestic product (GDP).

All of this is playing out against a continuing environmental crisis. Despite some positive gains over the past few years, recent global assessments on the state of biodiversity, ecosystems, climate change, and pollution all point to continued deteriorating trends. According to the *Global Risk Report 2021*, the highest likelihood risks of the next 10 years are extreme weather, climate action failure, and human-led environmental damage (World Economic Forum 2021). According to the 2021 Intergovernmental Panel on Climate Change (IPCC) report, human influence has warmed the climate at a rate that has been unprecedented in at least the last 2,000 years and caused widespread and rapid changes in the atmosphere, ocean, cryosphere, and biosphere (IPCC 2021). A recent report notes that the world is failing to grasp the extent of threats posed by biodiversity loss and the climate crisis (Bradshaw et al. 2021). Greenhouse gas emissions that drive climate change are at the highest levels ever registered—more than 500 ppm carbon dioxide equivalent (Butler and Montzka 2020)—with energy accounting for more than 60 percent of these emissions. The *Living Planet Report* notes that the populations of mammals, fish, birds, reptiles, and amphibians have experienced a decline of an average of 68 percent between 1970 and 2016, mainly attributable to land use change (World Wildlife Fund 2020). Available data indicate that inland and marine/coastal wetlands declined by over a third between 1970 and 2015—three times the rate of forest loss (Ramsar Convention on Wetlands 2018).

The economic and health costs of air pollution from burning fossil fuels totaled $2.9 trillion in 2018, or 3.3 percent of global GDP, calculated in the form of work absences, years of life lost, and premature deaths (Farrow, Miller, and Myllyvirta 2020). About 260,000 tonnes of plastic particles have accumulated in oceans, with severe impacts on marine ecosystems (Thushari and Senevirathna 2020).

Multiple market failures, incoherent policies, and governance issues have contributed to these crises, presenting risks not just to the environment but to livelihoods and well-being, particularly to vulnerable sections of society. In addition, institutional failures persist, with governments paying people more to exploit nature than to protect it (Dasgupta Review 2021). In this regard, *Global Biodiversity Outlook 5* points out that $500 billion of environmentally damaging government subsidies have not been eliminated (CBD 2020b). This continued deterioration of nature and its impact on people will undermine the achievement of the Sustainable Development Goals (SDGs). And none of the Aichi Biodiversity Targets—which concern the safeguarding of ecosystems and the promotion of sustainability—have been fully met (CBD 2020a).

Addressing these various environmental challenges and related constraints will require a comprehensive approach that holistically addresses biodiversity, climate change, land use, and social and economic development to drive transformational change (McNeely 2021). The "One Health" approach is such a paradigm, and has been incorporated into many countries' national development plans and strategies. One Health recognizes the interconnectedness of the health of humans, animals, and ecosystems and applying a coordinated and multidisciplinary approach to address risks that originate at the interface of these interconnected systems (Mackenzie and Jeggo 2019).

Many countries have pledged to build back greener after the COVID-19 pandemic with expansionary green fiscal and monetary policies. They have committed to allocate funds for cleaner energy, greener cities, and expanded marine protected areas. Fiscal measures could potentially support countries in removing inefficiencies in expenditures such as environmentally harmful subsidies, creating fiscal room to address environmental and health issues, and reallocating scarce public finance resources to immediate COVID-19 relief measures and medium- to long-term sustainable recovery planning (UNEP 2020a). However, according to the Finance for Biodiversity Initiative, up to 70 percent of the economic stimulus packages studied are not building back greener.

Investments in nature-based solutions will be needed to deliver sustainable ecosystems, climate-smart agriculture, sustainable forest management, disaster resilience, and food and water security. In addition, investments in low-carbon affordable technologies, resilient infrastructure, and circular economy–based approaches will be important in a transition to ensure longer-term development that is inclusive, equitable, and sustainable. Effective monitoring of interventions and knowledge sharing, including South-South exchange, through the use of technologies and platforms will play an important role in learning from pilot interventions for scaling-up.

The pace of recovery will not be uniform across countries. The World Bank notes that, as a result of the pandemic, more than 120 million people will be pushed toward deeper poverty, and the global economy will shrink by over 5 percent, with some countries experiencing more decline than others. Efforts to put countries on a path to a greener recovery will require strategies consistent with country capacities and inclusive strategies for building back.

FINANCING FOR THE ENVIRONMENT

An investment of $700 billion is needed to close the biodiversity financing gap (Nature Conservancy 2020). The IPCC cites a need for $2.4 trillion annually in the energy system alone to address climate change; the level of financing was about $530 billion in 2017 (Yeo 2019). Also in 2017, public spending on climate initiatives was $56.7 billion, which leveraged $14.5 billion in private finance, for a total of $71.2 billion (IPCC 2018). Agriculture, forest, and land-related initiatives received only $9 billion in 2016, even though this sector was responsible for almost one-quarter of the past decade's emissions, according to the IPCC's latest report on land use. These figures clearly show that global demand for environmental finance far exceeds the resources made available by countries. While the international community has committed and invested sizable resources annually to address the mounting environmental issues, environmental financing needs are huge relative to demand, and remain largely unmet.

The global landscape for environmental finance has evolved significantly, especially regarding climate finance. Today, there is widespread awareness of environmental issues. The SDGs, the Paris Agreement, and the adoption of the Sendai Framework for Disaster Risk Reduction 2015–2030 are well established in country priorities. Environmental issues have been significantly mainstreamed across a broad range of organizations, including the multilateral development banks. However, global funding flows still dominate climate change and reduced emissions from deforestation and degradation (REDD+) over other environmental issues—notably biodiversity, oceans, and transboundary fresh and marine water resources.

The landscape for climate change finance has improved significantly, as a result of mainstreaming, investments by the multilateral development banks, increased private financing flows, and investments by climate funds such as the Clean Technology Fund, the Climate Investment Funds (CIF), and the Green Climate Fund (GCF). For example, green bonds, social bonds, and sustainability bonds recently raised more than $600 billion from investors—nearly double the $326 billion issued in 2019 (Lester 2021).

THE GEF'S ROLE

With a broad focus that extends beyond climate change, the GEF occupies a unique space in the global environmental financing architecture. With a 30-year history and established standing, the GEF supports the three Rio conventions—the Convention on Biological Diversity, the United Nations Framework Convention on Climate Change, and the United Nations Convention to Combat Desertification—along with other major multilateral environmental agreements, including the Stockholm Convention on Persistent Organic Pollutants and the Minamata Convention on Mercury. The GEF also funds projects in the international waters focal area in the implementation of global and regional agreements, consistent with the Convention on the Protection and Use of Transboundary Watercourses and International Lakes and the United Nations Convention on the Law of the Sea; and supports sustainable forest management initiatives that are consistent with the objectives of the United Nations Forum on Forests. Moreover, through its multifocal projects and programmatic approaches, the GEF aims to create interlinkages and synergies across focal areas and planetary boundaries.

The GEF contributes to achievement of SDG 13 on climate change; SDG 14 on oceans and marine resources; and SDG 15 on terrestrial ecosystems, forests, biodiversity, and land degradation. GEF strategies have continued to evolve to address growing environmental

challenges, with an emphasis on integrated approaches. In addition to the focal area strategies, the GEF 2020 Strategy, published in 2014 during GEF-6, set the stage for the GEF to focus on integrated approaches. It established three pilot programs to support activities in recipient countries that would help them meet their commitments to more than one global convention or thematic area by addressing the underlying drivers of environmental degradation. These pilot programs were designed to promote complementarities and synergies in seeking multiple environmental benefits, while avoiding trade-offs between competing objectives.

Among the strategy's other priorities were to enhance resilience and adaptation, especially in climate finance. For the GEF to achieve these priorities, it identified five types of interventions, or "influencing models," to be mainstreamed in the GEF portfolio of projects: transforming policy and regulatory environments, strengthening institutional capacity and decision-making processes, convening multistakeholder alliances, demonstrating innovative approaches, and deploying innovative financial instruments.

The GEF-7 Programming Directions further emphasized the objective of achieving maximum impact across the GEF's focal areas through integrated programming. The impact programs were intended to enhance synergies and integration across GEF focal areas in the process of meeting multilateral environmental agreement targets; involve a broader set of stakeholders, including the private sector; enhance knowledge sharing and learning; and ensure a more effective use of GEF resources.

With its focus on integrated and impact programs, the GEF may be well positioned to help countries build back toward a green recovery and prevent disruptions from current environmental degradation. Recent GEF initiatives—notably the Good Growth Partnership; the Sustainable Cities Impact Program; the Food, Land Use, and Restoration Impact Program; and the Global Wildlife Program—have been designed to address factors underlying ecosystem degradation and destruction and global wildlife trade that have been associated with previous pandemics. With its 30-year track record in project implementation, and the on-the-ground presence of its 18 implementing Agencies, the GEF could be instrumental in helping countries restore a better balance between human and natural systems, and rebuild economies with resilience so they can confront shocks caused by climate change or future pandemics.

However, the resource requirements for a global recovery are significant, and the GEF has limited resources. In fact, despite a growing mandate to address the various environmental priorities of the conventions and countries it serves, GEF funding has remained largely unchanged through recent replenishment cycles. The GEF has leveraged cofinancing to complement these resources, but this may be increasingly challenging as countries focus on recovery with limited resources. The GEF has also engaged with the GCF, the CIF, and the Adaptation Fund to help facilitate coordination and has recently developed a Long-Term Vision of Complementarity with the GCF to define specific areas of cooperation and possible modalities to generate long-lasting outcomes and outputs (GEF Secretariat 2021b). Further, the GEF Council has recently approved a private sector strategy to strengthen engagement with the private sector strategically, as well as to identify opportunities for blended finance through the nongrant instrument (Reddy 2020).

1.2 Purpose, methods, and limitations

OPS7 assesses the GEF's progress on the implementation and achievements of the recently completed GEF 2020 Strategy against the objectives of greater integration,

innovation, scaling-up, and achieving impacts with greater efficiency. Drawing on evidence from GEF projects, programs, policies, and institutional frameworks, OPS7 builds on the findings of OPS6 and introduces several new evaluation themes implemented during the GEF-7 period. Two cross-cutting themes are a review of sustainability of GEF interventions past closure, and the additionality of the GEF based on a framework developed by the IEO. To assess the GEF's contribution and impacts in various country contexts, the IEO conducted three strategic country cluster evaluations involving, respectively, the least developed countries, the African biomes of the Sahel and Sudan-Guinea Savanna, and small island developing states. Additionally, the GEF's role and impact in GEF high-recipient countries and in fragile and conflict-affected situations was evaluated. The Country Support Program and the enabling activity modality were evaluated for the first time in a decade. And for the first time ever, the GEF's role in supporting innovation and scaling-up, the GEF's role in supporting climate resilience, and the GEF's engagement with micro, small, and medium enterprises (MSMEs) and early-stage startups—which constitute most of the private sector in GEF recipient countries—were evaluated.

METHODS AND SCOPE

OPS7 is based on the findings of 34 evaluations and studies conducted by the IEO over the 2018–21 period. Key evaluation parameters—such as relevance, impact, performance, and the catalytic role of the GEF—that were investigated in earlier OPSs are now a part of the regular work program of the IEO and addressed in all component OPS7 evaluations. These individual evaluations adopt a mixed-methods approach utilizing qualitative and quantitative methodologies, and were specifically designed and conducted to inform this comprehensive evaluation. The specific methods used included desk research, portfolio analysis, country and project visits, case studies, postcompletion analyses, surveys, interviews, and geospatial analyses. Since OPS6, the IEO has explored the factors affecting the sustainability of GEF interventions and used the frameworks of additionality and transformational change in assessing the impacts of GEF interventions.

OPS7 also draws on the terminal evaluation reviews of 1,806 completed GEF projects and covers the entire GEF portfolio of 4,786 approved projects from the pilot phase through June 15, 2021. Particular attention is given to 608 completed projects for which terminal evaluations were received after the close of OPS6 (the OPS7 terminal evaluation cohort) and 504 projects that were approved during the GEF-7 period through June 2021. Each evaluation underpinning this report was based on the most complete data on the portfolio or on the set of completed projects available at the time the evaluation was conducted during the OPS7 period.

As a result of the travel restrictions imposed by the 2020–21 global pandemic, several component evaluations significantly draw on online data gathering efforts, geospatial analysis, and data collected during previous field missions. Thirty-one missions were carried out for the OPS7 evaluations prior to the pandemic. The IEO has also worked closely with local consultants to assist with field work.

EVALUATING GEF PERFORMANCE AND IMPACT: THE GEF IEO THEORY OF CHANGE

Figure 1.1 shows the general theory of change for GEF interventions developed by the IEO as a framework for assessing the impacts of GEF interventions; it is applied by the IEO in all its evaluations. The theory of change has evolved since its presentation in OPS5 based on lessons and evaluative evidence on the mechanisms through which the GEF achieves impact. It also considers the

evolution of GEF programming toward more integrated approaches to achieve transformational change and scaling-up (see annex A for definitions of these terms).

The theory of change explicitly identifies the link between the GEF's mandate of generating global environmental benefits and the GEF's safeguards to ensure that positive environmental outcomes enhance—or at the very least do not lessen—the social and economic well-being of the people who depend on the environment. The IEO assesses the possible synergies and trade-offs between various environmental outcomes, and between environmental and socioeconomic outcomes.

The framework outlines the three main areas assessed in IEO evaluations:

- The GEF's contributions in establishing and strengthening both the interventions that directly generate global environmental benefits and the enabling conditions that allow these interventions to be implemented and adopted by stakeholders
- The GEF's additionality or catalytic role in the way that the GEF provides support within the context of other funding sources and partners
- The environmental, social, and economic outcomes to which the GEF has contributed, and the behavior and system changes that generate these outcomes during and beyond the period of GEF support.

LIMITATIONS

Limitations on evaluative evidence in the GEF have been highlighted in several evaluations of the IEO and in previous OPSs. For example, terminal evaluations are typically of completed projects begun in earlier GEF periods. Their findings thus may not reflect current practice, but do provide valuable lessons for design and implementation. Incomplete information and inaccuracies in the GEF Project Management Information System (PMIS) and the new GEF Portal have presented some challenges to the underlying OPS7 analysis. The results of recently designed programs—such as the IAPs and impact programs—have limited results, as they are at an early stage of implementation. To mitigate this limitation and extract useful information, formative evaluation approaches have been used to assess program/project design, quality-at-entry aspects, and early implementation—fully recognizing that findings could be different on completion.

Typically, impact evaluations and progress toward impact analyses search for evidence of impacts at the time of terminal evaluation or five to eight years after projects have been completed, with sometimes limited availability of baseline data. The Office's recent use of geospatial analysis has provided flexibility in looking for environmental changes over longer periods of time, before and after project implementation, and provides a means to regenerate baseline data on important environmental indicators. Postcompletion methodologies were developed and implemented during this OPS7 period to gain insights into the sustainability of GEF interventions and contributing factors. The COVID-19 pandemic imposed restrictions on travel on evaluations conducted over the past year. These limitations were mitigated by hiring experienced local consultants to conduct interviews in recipient countries.

QUALITY ASSURANCE

Quality assurance for OPS7 has been provided by a team of five senior independent advisers with expertise in relevant subject and institutional matters and evaluation: Hans Bruyninckx, Paula Caballero, Osvaldo Feinstein, Vinod Thomas, and Monika Weber-Fahr. Their statement on the quality of the report, and the extent to which the conclusions and recommendations are based on the evaluative evidence, is included

beginning on page vi. Quality assurance of the component evaluations was conducted either through a review process or through circulation to a wide range of GEF stakeholders for comment on factual and analytical errors as well as on the feasibility of the recommendations. In all cases, the IEO responded to the various comments received. The Office remains fully responsible for any remaining errors. Most evaluations have been presented to the GEF Council and are available on the IEO website.

1.3 Progress since OPS6

OPS6 outlined nine strategic-level recommendations to inform the GEF-7 Programming Directions and operations of the GEF partnership:

- Strengthening the strategic positioning of the GEF
- Promoting transformational change
- Continuing the emphasis on integration based on additionality
- Improving the governance of the GEF
- Improving financial risk management
- Engaging the private sector
- Promoting gender equality
- Reviewing and revising the GEF safeguard policies
- Improving systems for data, monitoring, and knowledge.

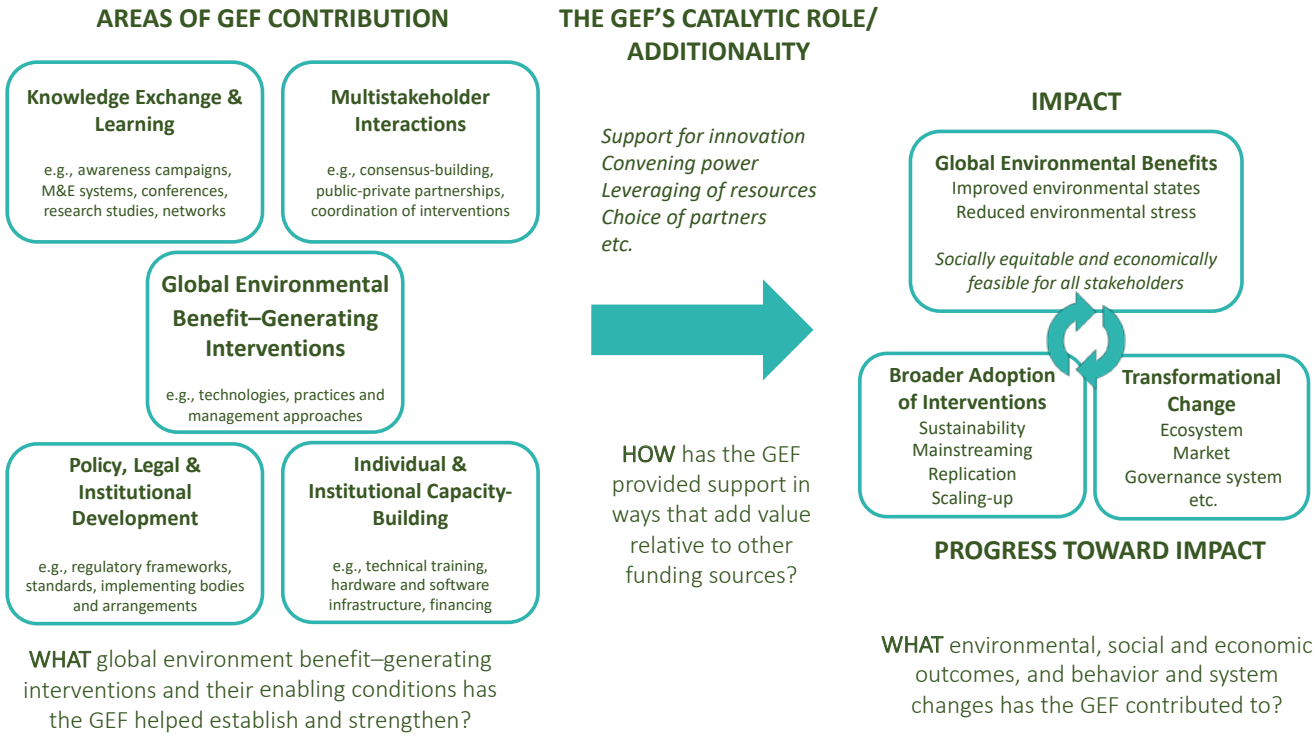
Broadly, the GEF has responded to these recommendations, and there has been substantial progress on several. Notably, the GEF has made substantial progress toward improving its strategic position, as well as designing for transformation across all focal areas. The GEF has maintained its focus on integrated programs and multifocal area projects, along with measures to demonstrate program additionality. The new policies and guidelines on gender equality and environmental and social safeguards are considered to be consistent with international good practices and perceived by stakeholders as appropriate for the GEF partnership. The new gender policy and guidelines are supported by a new results framework for capturing changes related to gender equality. There is evidence that the new policy and guidelines have led to increased attention to gender in portfolio documents. The GEF does not have a framework for tracking and assessing results related to its work with indigenous peoples, although some work on indicators has been initiated by the Indigenous Peoples Advisory Group.

The GEF has made substantial progress in adapting its strategy and plans for engaging the private sector. The new framework developed for private sector engagement outlines six modalities and mechanisms for engaging the private sector beyond a transactional level, as recommended by OPS6. It is too early to evaluate the outcomes of the new framework, since it was only approved by the GEF Council in December 2020, and challenges in engaging the private sector remain.

There has been limited progress in addressing the OPS6 recommendations related to financial risk management and operational governance. The issue of foreign exchange volatility was discussed during the GEF-7 replenishment meetings, but there was no consensus on foreign exchange hedging measures. The current mechanism utilized by the GEF Trustee does not avoid the occurrence of losses. Additionally, there has been limited progress on expanding the number and variety of GEF donors.

OPS6 recommended establishing ground rules for cooperation among GEF Agencies and addressing the potential for conflicts of interest. A document highlighting measures to increase coordination was presented to the Council (GEF Secretariat 2018b), but the Secretariat

Figure 1.1 GEF IEO theory of change framework on how the GEF achieves impact and transformational change



has yet to clarify incentives for cooperation or codify the rules of engagement.

On another front, there is evidence that the process for selecting countries for participation in the impact programs and their child projects has been more transparent than was the case for the GEF-6 integrated approach pilots.

The transition from the PMIS to the new GEF Portal has improved systems for data, monitoring, and knowledge, as recommended by OPS6. An updated results framework, including 11 core indicators and associated subindicators and streamlined monitoring and reporting requirements, accompanied the transition to the new GEF Portal. Some issues related to the migration of historical data, as well as to connectivity and access, are noted. Additionally, the knowledge management capabilities of the portal are currently limited.

Further details on progress in each of these areas is discussed in the subsequent chapters of this report.

1.4 Organization of this report

This report is organized along three themes—what works in the GEF, how things work in the GEF, and why things work in the GEF. These are presented in the next two parts of this report.

- **GEF achievements: What works in the GEF.** This part focuses on the performance, results, and impacts of GEF interventions at the overall portfolio level, in countries, and in the GEF focal areas, with a special focus on the factors influencing long-term sustainability.
- **GEF approaches and enablers: How and why things work in the GEF.** The "how" dives into the

mechanisms through which the GEF delivers its interventions, including the Small Grants Programme, medium-size projects, enabling activities, and integrated approaches. The "why" analyzes the strengths and challenges in the enabling infrastructure that supports GEF interventions through GEF support to innovation and scaling-up; the GEF's engagement with the private sector; the design and implementation of the GEF's institutional policies on gender, safeguards, stakeholder engagement, including with indigenous peoples and civil society; and on the management of results and knowledge in the GEF.

This approach will help us delve deeper to understand the factors underpinning recent external rankings and assessments of the GEF conducted by MOPAN (2019) and the Center for Global Development (2021).

Part II focuses on the performance and results of the GEF.

- Chapter 2 presents an analysis of the overall performance and sustainability of GEF programs and projects, including pathways to broader adoption.
- Chapter 3 delves into each of the GEF focal areas, discusses the evolution of each focal area strategy, and focuses on a few special themes in each focal area to demonstrate impacts.
- Chapter 4 discusses the relevance, performance, and impact of GEF interventions in various country contexts: fragile and conflict-affected situations, least developed countries, small island developing states and the Sudano-Sahelian biomes in Africa. The findings from the Evaluation of the Country Support Program, which serves to inform countries on the GEF and its policies and assists them with access to GEF resources, is also presented in this chapter.

Part III focuses on GEF approaches and enablers.

- Chapter 5 presents the evidence on the efficiency and effectiveness of proven GEF mechanisms of engagement: enabling activities, medium-size projects, and the Small Grants Programme.
- Chapter 6 presents findings on recent approaches to integration—namely, the integrated approach pilots and the impact programs—based on a formative assessment of the design and early implementation of these.
- Chapter 7 discusses lessons from the GEF's support to innovation and scaling-up, focusing on the impacts of innovative projects and the factors that have supported innovation and scaling-up in the GEF.
- Chapter 8 presents findings related to the GEF's engagement with the private sector including its support to micro, small, and medium-size enterprises and the revised approach to the nongrant instrument.
- Chapter 9 discusses GEF policies on safeguards, gender, and indigenous peoples and experiences with the GEF's implementation of these policies. The chapter also discusses the GEF systems for result-based management and knowledge management, with a focus on recent changes.

Finally, part IV looks to the future.

- Chapter 10 discusses the main conclusions of the report and presents recommendations for consideration based on an assessment of the competitive advantage of the GEF in helping recipient countries in a global greener recovery.

NOTE

1. Overall, 4,786 projects, accounting for $18.2 billion in GEF grants, had been funded as of June 16, 2021, from the GEF Trust Fund, including GEF Trust Fund allocations in multitrust fund projects.

PART II. GEF PERFORMANCE

CHAPTER 2

PERFORMANCE ACROSS GEF INTERVENTIONS

This chapter presents evidence on the performance of the GEF portfolio. It includes a discussion of the main attributes of the project cycle—achievement of outcomes, attainment of corporate results targets, cofinancing, implementation, project monitoring, and the efficiency of the project activity cycle—that, at various stages of the project cycle, have been found to be reliable indicators of performance. Long-term sustainability of outcomes is an important objective of GEF interventions. This chapter discusses this in detail, drawing on evidence from postcompletion verifications conducted by the IEO over the 2018–21 period.

Overall, GEF projects continue to deliver strong results and maintain an improving trend in performance. However, many aspects related to the efficiency of the activity cycle were affected by the COVID-19 pandemic.

The analysis presented in this chapter covers projects financed through the trust funds administered by the GEF—i.e., the GEF Trust Fund, the Least Developed Countries Fund (LDCF), the Special Climate Change Fund (SCCF), the Nagoya Protocol Implementation Fund (NPIF), and the Capacity-Building Initiative for Transparency (CBIT) Trust Fund. The analysis draws mainly on the IEO Terminal Evaluation Review Database, which includes 1,806 completed GEF projects. The OPS7 cohort comprises 608 completed projects for which terminal evaluations were received by the GEF IEO after OPS6. Performance was assessed for several criteria, subject to the availability of evidence, on a Likert scale, with the top half comprising the satisfactory/likely range and the bottom half the unsatisfactory/unlikely range.

The terminal evaluation ratings used were provided by the GEF IEO (*n* = 869) and the GEF Agency evaluation units (*n* = 937). Findings on the effects of the COVID-19 pandemic on the active GEF portfolio are based on a review of the project implementation reports (PIRs) of 846 projects under implementation during fiscal year 2020. The analysis of project cycle efficiency covers proposals for full-size stand-alone projects submitted for financing through the GEF Trust Fund. The time taken from project information form (PIF) submission to Council approval is assessed for PIFs submitted through June 2020; the time taken from Council approval to GEF Chief Executive Officer (CEO) endorsement is for PIFs approved by the Council through June 2019.

To set the context for this discussion of performance, we begin with a brief overview of the GEF portfolio.

2.1 Overview of the GEF portfolio

The GEF Trust Fund is the primary source for grants made by the GEF. The GEF also administers the LDCF, the SCCF, the NPIF, and the CBIT Trust Fund. As of June 16, 2021, the GEF had provided total funding of $20.2 billion through these trust funds (table 2.1). Overall, 4,786 projects, accounting for $18 billion in GEF grants, had been funded as of June 16, 2021, from the GEF Trust Fund. Utilization in the GEF-7 period is 67 percent as of June 16, 2021 ($2.6 billion for 523 projects) of the total GEF-7 allocations of $3.9 billion (GEF Secretariat 2018d).[1]

FOCAL AREAS AND THEMES

In dollar terms, the biodiversity and climate change single focal area projects each account for 25 percent of total GEF Trust Fund utilization from the pilot phase to GEF-7 (table 2.2). The share of funding utilized for international waters was 11 percent, for land degradation 4 percent, and for chemicals and waste 10 percent. Multifocal area projects address global environmental issues that are relevant to more than one focal area. The share of such projects in the GEF portfolio has been growing, rising from 31 percent in GEF-5 to 44 percent in GEF-7 until June 16, 2021.

The Small Grants Programme (SGP) provides financial and technical support to communities and civil society organizations to meet the overall objective of global environmental benefits secured through community-based initiatives and actions. Overall, the SGP global program represents 6 percent of the overall GEF portfolio.

FUNDING MECHANISMS

The GEF provides funding through four modalities: full-size projects, medium-size projects, enabling activities, and programmatic approaches. During GEF-7, stand-alone full-size projects continued to be the main funding modality, accounting for 63 percent of GEF funding (figure 2.1). The share of stand-alone medium-size projects was 5 percent in GEF-7. The programmatic approach share was 28 percent in GEF-7 as of June 16, 2021.[2]

AGENCIES

The shares of GEF Trust Fund funding for individual GEF Agencies have shifted over time (table 2.3). The United Nations Development Programme (UNDP) continues to account for the largest share, but this has decreased from 41 percent in GEF-5 to 33 percent in GEF-7. The World Bank's share in GEF-7 is 15 percent—a drop from 20 percent in GEF-5. The United Nations Environment Programme (UNEP) has a 15 percent share, which increased from 12 percent in GEF-5. The other Agencies account for the remaining 37 percent. Among these Agencies, the Food and Agriculture Organization of the United Nations (FAO) has doubled its share from 8 percent in GEF-5 to 16 percent in GEF-7. Conservation

Table 2.1 Utilization of the GEF Trust Fund and other funds administered by the GEF (million $)

Fund	Pilot	GEF-1	GEF-2	GEF-3	GEF-4	GEF-5	GEF-6	GEF-7	Total
GEF TF	679.7	1,035.9	1,740.6	2,662.7	2,650.6	3,469.7	3,207.7	2,546.5	17,993.3
CBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	51.6	n.a.	51.6
LDCF	n.a.	n.a.	n.a.	9.7	132.8	736.7	280.1	292.7	1,452.1
MTF	n.a.	n.a.	n.a.	n.a.	n.a.	189.0	15.2	177.6	381.8
NPIF	n.a.	n.a.	n.a.	n.a.	n.a.	14.3	n.a.	n.a.	14.3
SCCF	n.a.	n.a.	n.a.	15.5	85.9	158.5	44.6	7.2	311.8
Total	679.7	1,035.9	1,740.6	2,687.9	2,869.4	4,568.2	3,599.3	3,024.1	20,205.0

Source: GEF Portal.

Note: n.a. = not applicable. MTF = multitrust funds. Data are as of June 16, 2021, and exclude projects canceled without any utilization. Project financing excludes project preparation grant (PPG) funding and PPG Agency fee.

Table 2.2 Utilization of GEF Trust Fund over time by focal area/theme (million $)

Focal area/theme	Pilot	GEF-1	GEF-2	GEF-3	GEF-4	GEF-5	GEF-6	GEF-7	Total
Biodiversity	312.4	397.8	650.5	832.3	713.7	624.0	328.7	395.8	4,255.2
Climate change	228.9	358.9	565.0	710.5	749.2	874.2	532.6	332.6	4,351.8
International waters	118.6	118.8	303.6	364.0	224.1	308.8	189.2	264.0	1,891.2
Land degradation	n.a.	n.a.	n.a.	177.7	137.4	131.5	94.5	82.1	623.1
Chemicals and waste	4.2	110.0	71.9	136.8	253.1	365.9	368.3	332.0	1,642.2
Multifocal	2.6	24.5	72.6	270.0	397.8	1,021.6	1,520.1	1,096.3	4,405.5
SGP	13.0	25.9	76.9	171.5	175.3	258.2	178.0	128.0	1,026.9
Total	679.7	1,035.9	1,740.6	2,662.7	2,650.6	3,584.8	3,211.5	2,630.8	18,196.5

Source: GEF Portal.

Note: n.a. = not applicable. Data are as of June 16, 2021, and exclude projects canceled without any utilization. Project financing excludes project preparation grant (PPG) funding and PPG Agency fee. GEF Trust Fund allocations in multitrust fund projects are also included. The chemicals and waste focal area was created in GEF-6, replacing the persistent organic pollutants (POPs) area, and covering ozone-depleting substances, POPs, and mercury. The SGP global program includes core funding and approved resources allocated via the Resource Allocation Framework and the System for Transparent Allocation of Resources funding; it does not include funding for upgraded country programs.

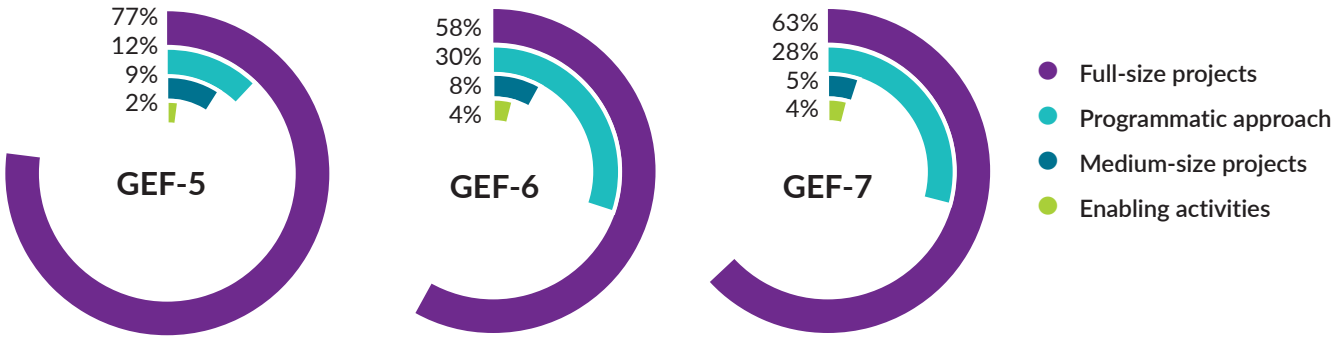
International and the United Nations Industrial Development Organization (UNIDO) account for 6 percent and 4 percent, respectively.

For the LDCF and SCCF portfolios in GEF-7, UNDP and FAO account for 34 percent and 31 percent of the LDCF portfolio, respectively. UNIDO and Conservation International are leading the SCCF portfolio in GEF-7, accounting for 26 percent and 21 percent, respectively.

REGIONS

Between GEF-6 and GEF-7, the share of regional and global projects financed through the GEF Trust Fund has increased from 17 to 21 percent (figure 2.2). Investments in Africa stood at 24 percent of the GEF Trust Fund in GEF-7, decreasing from 29 percent in GEF-6. Africa's share of resources from the GEF Trust Fund and other GEF-administered funds was 29.5 percent in GEF-7. The

Figure 2.1 GEF funding by modality, GEF Trust Fund



Source: GEF Portal.

Note: Data are as of June 16, 2021, and exclude the SGP global program and projects canceled without any utilization. The grant amount for programmatic approach is calculated as the sum of child projects to avoid double counting. Project financing excludes project preparation grant (PPG) funding and PPG Agency fee.

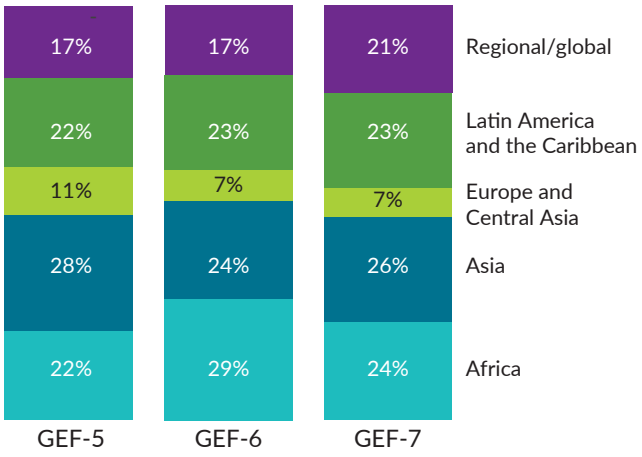
Table 2.3 GEF funding by lead Agency, GEF Trust Fund

GEF Agency	GEF-5		GEF-6		GEF-7	
	Mil. $	%	Mil. $	%	Mil. $	%
African Development Bank (AfDB)	55.3	2	78.4	2	45.2	2
Asian Development Bank (ADB)	48.5	1	51.4	2	23.2	1
Brazilian Biodiversity Fund (FUNBIO)	n.a.	n.a.	14.6	0.5	n.a.	n.a.
Conservation International (CI)	19.3	1	49.1	2	161.0	6
Development Bank of Latin America (CAF)	2.7	0.1	11.4	0.4	23.7	1
Development Bank of Southern Africa (DBSA)	n.a.	n.a.	42.3	1	n.a.	n.a.
European Bank for Reconstruction and Development	55.8	55.8	40.0	1	20.2	1
Food and Agriculture Organization of the UN (FAO)	279.7	8	228.2	7	407.9	16
Foreign Economic Cooperation Office, Ministry of Environmental Protection of China (FECO)	n.a.	n.a.	1.9	0.1	1.8	0.1
GEF Secretariat	4.5	0.1	0.4	0.01	n.a.	n.a.
Inter-American Development Bank (IDB)	168.1	5	72.6	2	34.3	1
International Fund for Agricultural Development (IFAD)	13.8	0.4	87.2	3	36.1	1
International Union for Conservation of Nature (IUCN)	7.0	0.2	62.0	2	59.8	2
United Nations Development Programme (UNDP)	1,460.2	41	1,233.3	38	877.8	33
United Nations Environment Programme (UNEP)	439.5	12	443.8	14	398.7	15
UN Industrial Development Organization (UNIDO)	289.1	8	191.0	6	95.2	4
West African Development Bank (BOAD)	n.a.	n.a.	20.2	1	n.a.	n.a.
World Bank Group	714.6	20	532.1	17	394.9	15
World Wildlife Fund (WWF-US)	26.8	1	51.6	2	50.9	2
Total	3,584.8	100	3,211.5	100	3,211.5	100

Source: GEF Portal.

Note: n.a. = not applicable. GEF Trust Fund allocation in multitrust fund projects is also included. Data are as of June 16, 2021, and exclude projects canceled without any utilization. Project financing excludes project preparation grant (PPG) funding and PPG Agency fee.

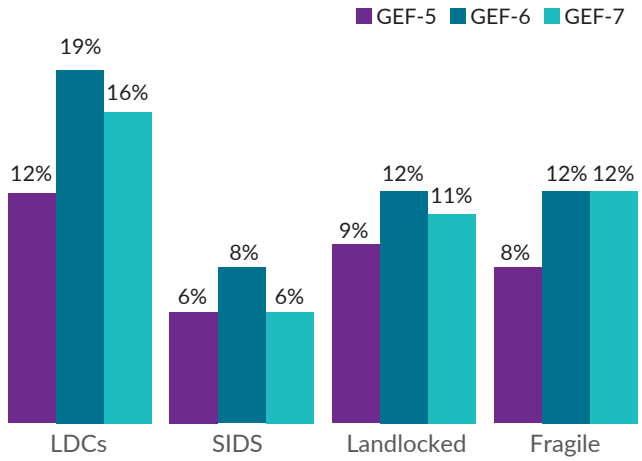
Figure 2.2 GEF funding by region as percentage of total GEF Trust Fund



Source: GEF Portal.

Note: Data are as of June 16, 2021, and exclude projects canceled without any utilization. Project financing excludes project preparation grant (PPG) funding and PPG Agency fee.

Figure 2.3 GEF funding of national projects by country type as percentage of total GEF Trust Fund



Source: GEF Portal.

Note: Data are as of June 16, 2021, and exclude projects canceled without any utilization. Project financing excludes project preparation grant (PPG) funding and PPG Agency fee.

shares of national projects in other regions remain steady from GEF-6 to GEF-7.

COUNTRY GROUPS

Based on national projects undertaken across countries through the main GEF Trust Fund, GEF support for least developed countries (LDCs) and small island developing states (SIDS) in GEF-7 has returned to GEF-5 levels after an increase in GEF-6[3] (figure 2.3). Between GEF-6 and GEF-7, support for LDCs decreased from 19 percent to 16 percent, for SIDS from 8 percent to 6 percent, and for landlocked developing countries from 12 percent to 11 percent.

In GEF-7, the GEF has funded interventions in 30 out of the 38 countries that are affected by fragility and conflict.[4]

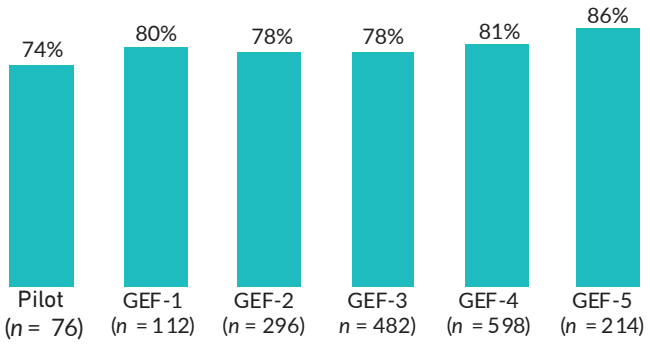
2.2 Outcomes

Cumulatively, 80 percent of all completed GEF projects, accounting for 79 percent of GEF grants, are rated in the satisfactory range for outcomes. Seventy-nine percent of projects for which terminal evaluations were received during OPS7 were rated in the satisfactory range for outcomes. The outcome achievement performance of projects that were completed recently is similar to that of projects that were completed earlier.

The GEF is on track to meet its GEF-4 and GEF-5 targets for satisfactory outcomes. These targets are, respectively, that 75 percent and 80 percent of the projects approved during the period have outcome ratings in the satisfactory range.[5] Outcome ratings for 81 percent of GEF-4 projects and 86 percent of GEF-5 projects were in the satisfactory range, slightly exceeding the period targets (figure 2.4). A substantial number of the projects from GEF-5 are still under implementation, and the figure for the period may drop as more projects are completed. However, given the achievement thus far, the final figure is likely to meet the target.

There is considerable variation in outcome ratings of different project categories based on region, country

Figure 2.4 Projects with outcomes rated in the satisfactory range, by GEF replenishment period



Source: GEF IEO Terminal Evaluation Review Database.

groups, Agency, and focal area (figure 2.5). In general, a higher percentage of global projects, including interregional projects, are rated in the satisfactory range. The outcome ratings of projects in Africa show improvement: 78 percent of completed projects in Africa approved from GEF-4 onward are rated in the satisfactory range for outcome compared to 72 percent for those approved earlier.

A similar trend is observed for Asia and Europe and Central Asia: projects rated in the satisfactory range improved from 75 percent to 85 percent for Asia, and

Figure 2.5 Percentage of projects with outcomes rated in the satisfactory range, by region, country group, GEF Agency, and focal area

Source: GEF IEO Terminal Evaluation Review Database.

Note: ECA = Europe and Central Asia; LAC = Latin America and the Caribbean; IDB = Inter-American Development Bank; IFAD = International Fund for Agricultural Development; WB = World Bank; BD = biodiversity; CC = climate change; IW = international waters; LD = land degradation; Chem = chemicals and waste; MF = multifocal. Global projects also include interregional projects.

from 80 percent to 86 percent for Europe and Central Asia. For Latin America and the Caribbean, the percentage of projects rated in the satisfactory range has remained at 80 percent across the two periods.

The extent to which projects implemented by an Agency are rated in the satisfactory range reflect variations in the types of projects Agencies implement. For example, UNEP's portfolio has greater representation of global and regional projects, which have both traditionally higher outcome ratings and higher ratings for UNEP-implemented projects. Similarly, 88 percent of World Bank–implemented medium-size projects are rated in the satisfactory range for outcomes, compared to 73 percent for full-size projects. Compared to other Agencies, a relatively higher proportion of the UNDP portfolio of completed projects was implemented in SIDS (14 percent, compared with 5 percent for other Agencies), whose outcome ratings are lower than for other recipient country groups.

The IEO's evaluation of Agency self-evaluation systems noted that there are minor differences in the self-evaluation practices across Agencies—and within the same Agency across different periods—that may limit the extent to which inter-Agency and inter-temporal comparisons may be made, despite the moderating role of the validations conducted by the GEF IEO and the Agency evaluation units (GEF IEO 2021h).

Adaptive management is an important enabler of positive outcomes. The quality of project design and implementation, country context, and timely materialization of cofinancing in supporting project outcomes have been observed in earlier OPSs, and they are still important. In addition, a qualitative analysis of the terminal evaluations that covered 75 completed GEF-5 and GEF-6 projects shows that project outcomes are affected by multiple factors and the interplay among them. For example, the project Improving Clean Bus Operations and Management in China (GEF ID 5627; ADB) dropped one of its key activities after finding it was not feasible; instead, it developed a tool for calculating greenhouse gas emissions and the cost of bus ownership to share with companies, and it fitted 100 buses with equipment to monitor passenger use for better bus scheduling and passenger service. These adaptive measures helped the project contribute more effectively to its objective of maximizing the energy efficiency and greenhouse gas abatement from clean buses. Projects which did not achieve the expected level of outcomes or had negative unintended outcomes were affected by a combination of implementation issues, such as delays, procedural constraints, or procurement challenges. For example, the project Promoting Value Chain Approach to Adaptation in Agriculture in Ghana (GEF ID 4368; International Fund for Agricultural Development [IFAD]) aimed to reduce greenhouse gas emissions by introducing innovative and more efficient gasifier and biogas plants, but it experienced delays and procurement challenges which adversely affected results.

2.3 Progress toward achievement of corporate environmental targets

The programming documents prepared for the present GEF replenishment include targets for the corporate indicators. Although the GEF Scorecard includes information on progress in achieving these targets, the reporting is based on aggregation of expected results projected in project documents. To assess the extent to which the established targets for environmental results are being met, a report of actual results is necessary; but the Corporate Scorecard has not provided this information. Since the implementation of GEF-6 and GEF-7 projects is still under way, reporting on actual results is not feasible for projects approved during these periods. However, results are

available for some projects approved during GEF-5 which have been completed, providing an opportunity to assess the extent to which the expected corporate results targets for GEF-5 have been achieved. Of the 686 full-size and medium-size GEF-5 projects supported through the GEF Trust Fund, 194 have been completed. Of these, terminal evaluations and/or tracking tools of 104 projects provide information on expected and actual achievement of the corporate environmental result by the project. Table 2.4 provides an aggregate summary of the performance based on actual achievement of targets for these 104 projects.

The GEF is on track to meet the GEF-5 replenishment targets for 7 of 13 of the results indicators presented in table 2.4. For the other six indicators, it is either still too early to make such a determination (four indicators), or the targets are unlikely to be met (two indicators). The 22 projects for which data on ex ante targets and achievement at project completion are available are estimated to have achieved 340 metric tons of carbon dioxide–equivalent (MT CO_2e) avoidance compared to their aggregate target of 248 MT CO_2e (table 2.4). Other indicators on which targets are likely to be achieved are disposal/decontamination of PCBs and related wastes; new renewable energy capacity installed; demonstration of three to four innovative technologies for climate change mitigation; CO_2e emissions avoided from land use, land use change, and forestry; multistate cooperation for transboundary water systems; and multistate cooperation for large marine ecosystems. The GEF is unlikely to meet its GEF-5 target for agricultural/rangeland systems under sustainable land management and wider landscapes under sustainable management.

For other indicators, the picture will become clearer as more projects are completed. These indicators include environmentally safe disposal of obsolete pesticides, including persistent organic pollutants; effective conservation and management of protected areas; sustainable use and management of biodiversity in land and seascapes; and forest landscapes under sustainable forest management.

2.4 Cofinancing of GEF projects

Generally, GEF-financed activities also receive cofinancing from other partners. Use of cofinancing allows the GEF to increase the scale of supported activities, thereby enhancing its ability to generate global environmental benefits, and ensures that GEF financing is used to support the incremental costs of generating global environmental benefits. The present GEF cofinancing policy requires cofinancing for full-size projects, medium-size projects, and programs; it encourages cofinancing for enabling activities (GEF Secretariat 2018e). The level of cofinancing mobilized depends upon the type of activities supported, focal area and targeted sectors, partner Agency, and recipient country context. Data on completed projects show that materialization of cofinancing is positively correlated with a project's outcome rating. Therefore, tracking the extent to which cofinancing commitments materialize during implementation is important.

Cumulatively, on average 123 percent of promised cofinancing materialized during implementation: in 66 percent of projects at least 90 percent materialized, and for 16 percent less than half (table 2.5). For the OPS7 cohort, the amount of cofinancing is in the same range as the average, although in 22 percent of the projects less than half of the promised cofinancing materialized.

There are differences across recipient country groups and Agencies in the level and materialization of cofinancing. Cofinancing commitments per dollar of GEF grant are generally lower in LDCs and SIDS compared to other groups of countries (figure 2.6). In the SIDS, the average materialization of cofinancing

Table 2.4 Achievement of corporate targets

GEF-5 environmental targets and results	GEF-5 target	Aggregate targets in project proposals	Completed projects			
			Provided ex ante target	Provided data at completion	Aggregate target[a]	Achieved at project completion
Effective conservation and management of protected areas	170 mil. ha	165.33 mil. ha	33	32	61.18 mil. ha	39.52 mil. ha
Sustainable use and management of biodiversity in land and seascapes	60 mil. ha	60.18 mil. ha	28	21	8.35 mil. ha	6.97 mil. ha
CO_2e emissions avoided	500 MT	2,886 MT	26	22	247.99 MT	339.59 MT
Climate change mitigation: Demonstration of 3–4 innovative technologies[b]	10–15 countries	26 countries	16	12	17 countries	54 countries
New renewable energy capacity installed	500 MW	1,430 MW	7	6	39.60 MW	33.73 MW
CO_2e emissions avoided from land use, land use change, and forestry	315–675 MT	549 MT	9	9	36.03 MT	33.92 MT
Multistate cooperation for transboundary water systems	6–7 systems	10 systems	5	3	3 systems	3 systems
Multistate cooperation for LMEs	5–6 LMEs	11 LMEs	6	4	4 LMEs	4 LMEs
Agricultural/rangeland systems under sustainable land management	100 mil. ha	7.59 mil. ha	17	13	3.35 mil. ha	1.61 mil. ha
Forest landscapes under sustainable forest management	0.20 mil. ha	1.07 mil. ha	8	6	0.21 mil. ha	0.12 mil. ha
Wider landscapes under sustainable management	175 mil. ha	78.16 mil. ha	22	13	3.25 mil. ha	2.94 mil. ha
Environmentally safe disposal of obsolete pesticides including persistent organic pollutants	10,000 tons	11,146 tons	0	n.a.	n.a.	n.a.
Disposal/decontamination of PCBs and related wastes	23,000 tons	38,860 tons	3	3	1,357 tons	1,516 tons

Source: Replenishment targets from GEF-5 Programming Directions for targets; aggregate of targets in project proposals from OPS6 performance and progress to impact; data on actual achievements from terminal evaluations and tracking tools for completed GEF-5 projects.

Note: n.a. = not applicable; LME = large marine ecosystem.

a. Aggregate target for projects that provide achievement data (including no achievement) at implementation completion.

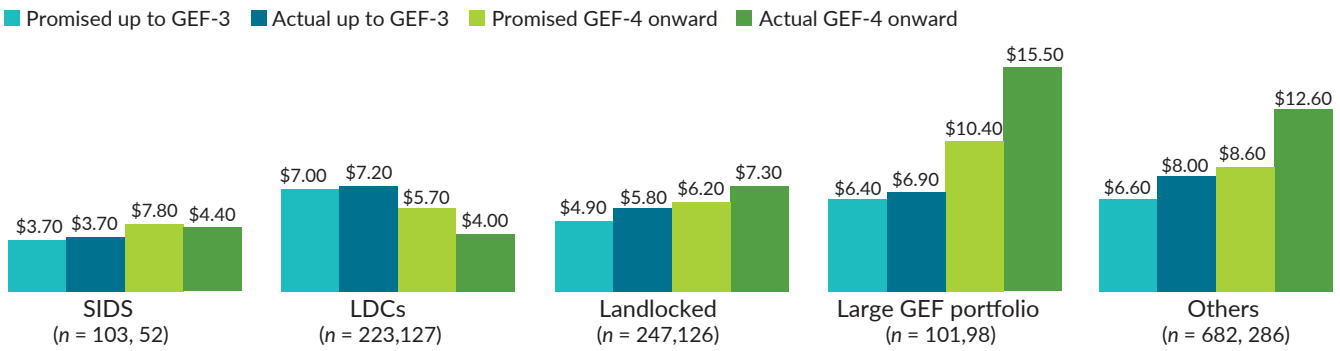
b. The review showed that the number of technologies demonstrated was higher than the upper bound of the target. However, it is difficult to present a precise count of demonstrated technologies because what would count as a distinct technology has often not been clarified in the reporting.

Table 2.5 Materialization of cofinancing

GEF period/ cohort	Projects for which full data are reported	Cofinancing promised per $ of GEF grant	Cofinancing materialized per $ of GEF grant	Cofinancing materialization ratio	% of projects with at least 90% materialization	% of projects with less than 50% materialization
Pilot	59	6.80	6.54	0.96	67	16
GEF-1	93	2.86	2.34	0.82	55	17
GEF-2	253	4.91	5.83	1.19	71	11
GEF-3	412	4.64	5.69	1.23	68	16
GEF-4	519	6.75	9.92	1.47	63	19
GEF-5	175	6.30	6.53	1.04	68	17
GEF-6	6	5.17	5.24	1.01	67	0
OPS6 cohort	476	5.82	7.78	1.34	66	16
OPS7 cohort	514	7.02	8.47	1.21	60	22
All projects	1,517	5.33	6.57	1.23	66	16

Source: GEF IEO Terminal Evaluation Review Database.

Figure 2.6 Trends in promised and materialized cofinancing per dollar of GEF grant across country groups



Source: GEF IEO Terminal Evaluation Review Database. The numbers in parentheses are, respectively, the total number of completed projects approved in GEF-3 or earlier and those approved in GEF-4 or later.

compares well with the cofinancing commitments. In LDCs, however, average materialization is somewhat lower than the commitments, indicative of the financial challenges in LDCs. Four out of 10 projects in LDCs approved from GEF-4 onward fell at least 20 percent short in realizing the cofinancing committed.

Other country groups, including landlocked countries and countries with large GEF portfolios, generally generate higher cofinancing commitments and on average a higher level of materialization per dollar of cofinancing commitment. Only 1 in 10 projects in countries with large GEF portfolios (Brazil, China, India, Mexico) fell at least 20 percent short in realizing the cofinancing committed at start.

Projects implemented by UNDP, UNEP, UNIDO, and FAO are more likely than the other Agencies to meet their cofinancing commitments (80 percent or more). In contrast the projects implemented by the

Inter-American Development Bank and IFAD, and jointly implemented projects, seem to face challenges in realizing the cofinancing commitments—one out of four projects implemented by these Agencies have realized 20 percent or less of expected cofinancing.

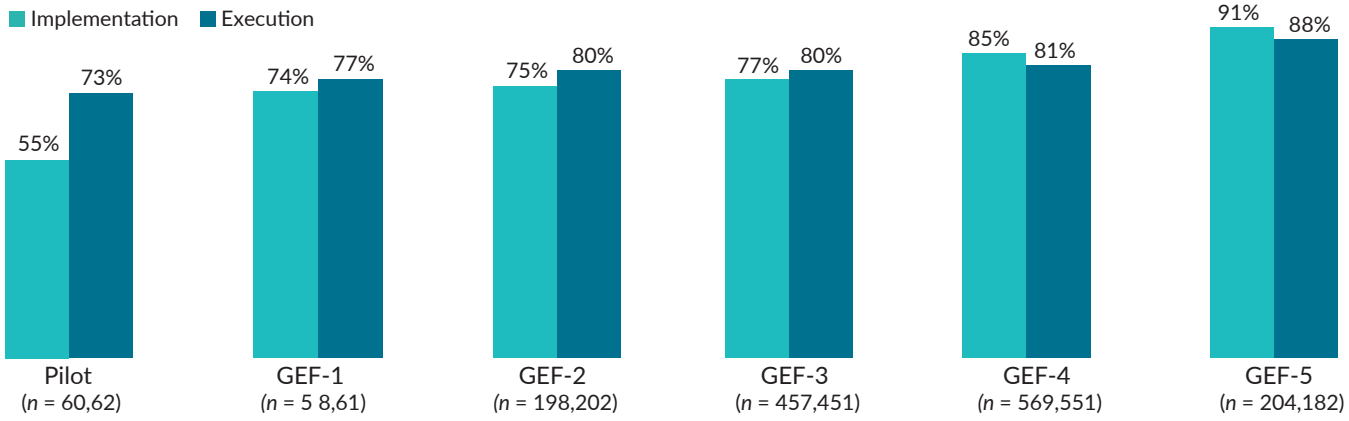
2.5 Implementation and execution of GEF projects

Good implementation begins with a well-designed project and clear articulation of the theory of change, so that implementation of project activities follows the project's design. The role of the GEF Agencies and its executing partners on the ground is important. A GEF Agency, for example, is expected to shepherd a GEF project through various stages of its preparation and implementation, including activities such as project identification and preparation, startup, supervision, application of the GEF policies and procedures, and project monitoring and evaluation (M&E). The Agency is expected to address project implementation–related challenges in a timely manner and through adaptive management. Executing agencies work under the supervision of the respective GEF Agency and are responsible for execution of the project activities on the ground. The GEF IEO assesses the quality of implementation and execution provided by the GEF Agency and the executing agency.

Implementation ratings have improved over time. Eighty percent of completed projects have satisfactory implementation and execution ratings. Ratings have improved marginally in the OPS7 cohort (84 percent) versus GEF-6 (79 percent)[6] (figure 2.7). Execution ratings have also inched upwards, although the change is within a narrow band. UNDP, UNEP, and UNIDO have a high percentage of projects rated in the satisfactory range for implementation (88–90 percent). World Bank–implemented projects are in the middle of this distribution with 82 percent with satisfactory implementation. A lower percentage (close to 70 percent) of those implemented by FAO and IFAD, and those that are jointly implemented, are rated in the satisfactory range.

The COVID-19 pandemic has affected the implementation and performance of 88 percent of GEF projects. The ongoing COVID-19 pandemic has had a severe effect on the global community. Countries have

Figure 2.7 Quality of implementation and execution—projects rated in the satisfactory range, by GEF replenishment period



Source: GEF IEO Terminal Evaluation Review Database.

implemented a wide array of measures to minimize spread of the virus. These measures differ across countries and have changed with time based upon the virus's progression across different countries and regions.

Box 2.1 provides a summary of the effects reported in the project implementation reports of the projects that were under implementation in fiscal year 2020.

2.6 Project monitoring and evaluation

The quality of GEF M&E design and implementation has been improving. Monitoring and evaluation play a critical role in assessing a project's progress in implementation and in improving results. GEF Agencies are expected to prepare project M&E plans that

Box 2.1 Effect of COVID-19 on GEF projects

A review conducted by GEF IEO assessed how the pandemic has affected GEF activities on ground. The review examined PIRs for 846 GEF projects that were under implementation in fiscal year 2020.

Of the projects that were under implementation, 88 percent were affected by the pandemic. For 69 percent implementation was delayed, for 34 percent activities were suspended, and for 9 percent at least some of the activities were canceled because of the pandemic. Delays and postponement were caused by variety of factors including the time needed by project staff to adapt to working from home, a shift in priorities and attention among government partners, restrictions on travel within and between countries, restrictions on in-person meeting, and suspension of most onsite business operations. Of 104 projects that did not report COVID-19–related effects, a quarter were at the closing phase of implementation.

Certain types of projects were disproportionately and immediately affected, specifically (1) projects reliant on physical site-based activities (e.g., installation, manufacturing, and construction); (2) fieldwork, particularly those aligned to seasonal variables (e.g., planting, breeding); or (3) projects directly involving sectors heavily affected by restrictions and global economic instability (e.g., tourism, commercial real estate, travel industry) or reliant on private sector investors for capital investment or cofinancing.

A range of mitigation measures were adopted to adapt, accelerate, or postpone planned activities. There was a widespread shift to teleworking and virtual platforms, though some projects and certain processes were not able to move online (beyond those with a physical component). Barriers to virtual solutions included poor internet connectivity, technical capacity, and equipment among certain communities, and administrative processes (usually in government) not yet adapted to online systems.

Some effects were likely underreported, or the time lag has still not been sufficient to reveal them. Limited evidence was found in the PIRs on how COVID-19 has affected personal well-being and equity considerations among individual staff or target stakeholder groups. PIRs did provide some early evidence on systemic effects, including increased pressure on biodiversity and other natural resources, reduced environmental incentives, and declines in economic and human well-being at the national and community levels. These effects are likely to have significant and long-term implications for environmental outcomes and project delivery. The long-term effects will become clearer in future.

Source: GEF IEO 2021a.

specify process and results indicators, performance targets and arrangements for data collection including responsibilities, frequency of data collection, reporting procedures, and budget for monitoring activities. The Agencies then implement these plans and, where required, may update, or modify, them during implementation based on emerging project needs. GEF IEO rates the quality of M&E design and implementation.

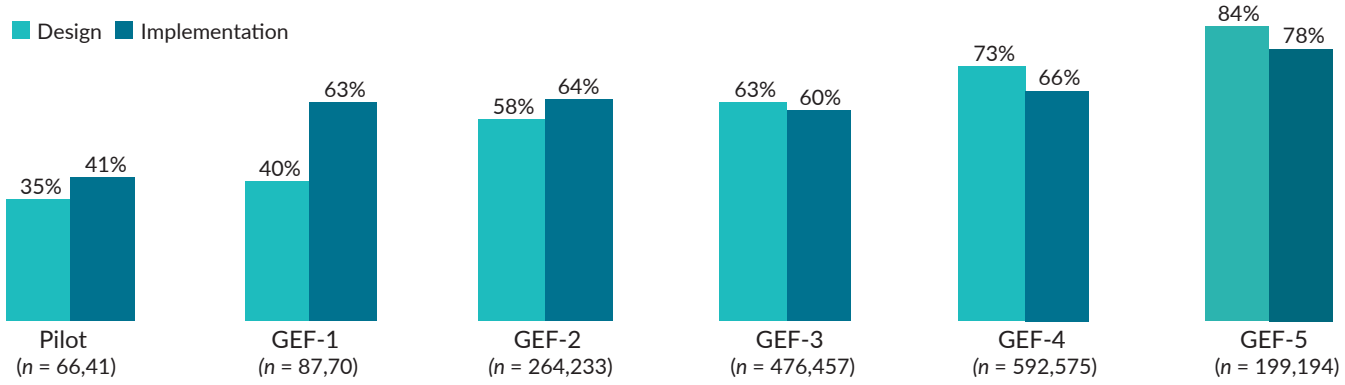
Cumulatively, about 66 percent of the projects were rated in the satisfactory range for quality of project M&E design and M&E implementation. Performance has improved with the OPS7 cohort, where 77 percent and 67 percent of the projects were rated in the satisfactory range for M&E design and implementation, respectively as compared to 62 percent for OPS6 projects. This is consistent with the trend analysis based on the replenishment periods (figure 2.8). The M&E ratings are positively correlated with the outcome ratings. However, this does not imply causality. As reported in the IEO's *Annual Performance Report 2013*, it is likely that the factors that lead to better M&E also increase the likelihood of better outcome achievement (GEF IEO 2014).

2.7 Efficiency of GEF activity cycle

The ongoing COVID-19 pandemic has affected several aspects of the GEF activity cycle, especially for GEF-7 projects that were under preparation and projects from other periods that were under implementation. Nonetheless, there are bright spots that indicate improvement in some areas. Data on full-size stand-alone projects show that approvals for the GEF-7 PIF submissions were achieved at a faster rate than preceding periods (figure 2.9). During GEF-6 fluctuations in the international currency market caused a shortfall in the GEF replenishment. This had resulted in slow approval of the PIFs submitted by some country groups during GEF-6. Despite the pandemic, PIF approval was faster for GEF-7 projects not only compared to GEF-6 but also compared to preceding periods.

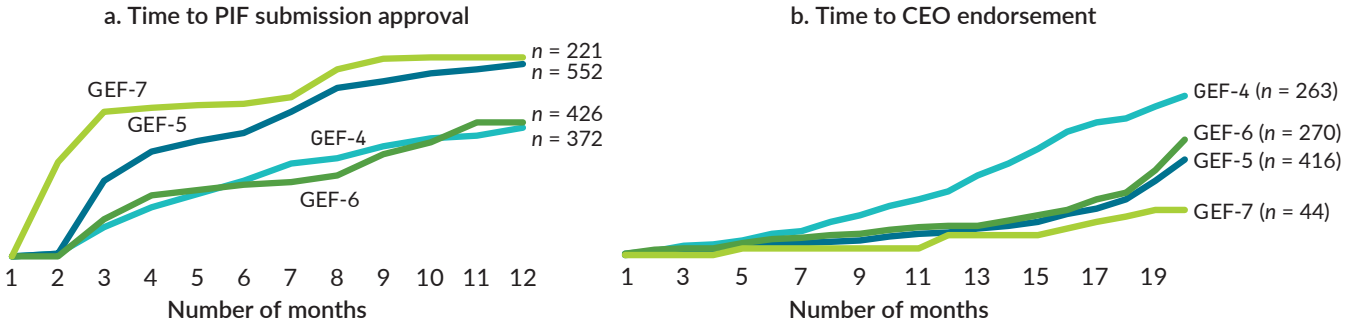
The timing from PIF approval to CEO endorsement was slower for GEF-7 projects compared with earlier periods. At the end of 18 months only 14 percent of the approved GEF-7 PIFs had received CEO endorsement. At the same point in GEF-6, 22 percent of the project proposals had received the CEO's endorsement. In December 2018, the GEF Council approved the new Project Cancellation

Figure 2.8 Quality of M&E by GEF replenishment period—percentage rated in the satisfactory range



Source: GEF IEO Terminal Evaluation Review Database.

Figure 2.9 Time taken in preparation of stand-alone full-size project proposals that reach the next stage (months)



Source: GEF Portal.

Policy that requires a project to be endorsed by the GEF CEO within 18 months of PIF approval. On June 1, taking into account the ongoing COVID-19 pandemic, the GEF CEO relaxed the standard for CEO endorsement by 6 more months, a total of 24 months from PIF approval to CEO endorsement. Of the proposals for GEF-7 full-size projects that received PIF approval at least 24 months earlier, 30 percent had received the CEO's endorsement. Thus, preparation of detailed proposals for CEO endorsement has taken longer and has exceeded the extension provided by the CEO. In comparison, after 24 months of PIF approval 63 percent of GEF-6 projects had received CEO endorsement.

It is likely that the PIF approval to CEO endorsement stage was more affected by the pandemic because detailed project preparation requires stakeholder consultations, surveys, and the use of consultants. In comparison, preparation of PIFs may not require activities that were restricted by the pandemic.

2.8 Environmental status change, stress reduction, and broader adoption

Most GEF activities aim at directly or indirectly reducing environmental stress from human actions and/or improving environmental status. The exceptions are activities that focus on supporting an enabling environment or which build a foundation for other activities that generate global environmental benefits. While most environmental benefits are observed well beyond project completion, a few outcomes are achieved by the end of implementation. Of a representative sample of the OPS7 cohort of closed projects, 60 percent of the projects achieved environmental status change and/or stress reduction at completion, with 15 percent achieving this at a large scale (table 2.6).[7]

Broader adoption. Broader adoption takes place when non-GEF actors adopt, expand, and build on GEF-funded projects. Broader adoption may take place during a program/project's implementation or later (GEF IEO 2010). Broader adoption was reported in 40 percent of the projects of the OPS7 cohort at completion, which is lower than 55 percent reported for the OPS6 cohort. Nonetheless, a higher percentage of OPS7 cohort was achieving broader adoption at a large scale as compared with the OPS6 cohort. One of the reasons for this difference is that a higher proportion of GEF projects in recent years have addressed upstream and systemic issues. This facilitates broader adoption at a large scale but at the same time involves a longer time lag before such adoption takes place.

Table 2.6 Incidence of environmental stress reduction and/or status change reported at project completion

Incidence	OPS6 (*n* = 568)	OPS7 (*n* = 161)[a]
Environmental status change/stress reduction		
Taking place?		
Yes	56	60
At large scale	10	15
Significant at local scale	24	23
Limited at local scale	22	23
No	44	40
None or insignificant	31	20
Unable to assess	13	20
Broader adoption		
Taking place?		
Yes	55	40
At large scale	19	28
At local scale	36	12
No	45	60
Plans present but not yet implemented, or not taking place	43	55
Unable to assess	2	5

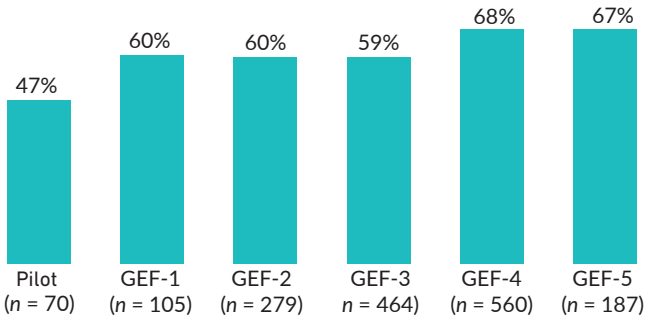
Source: GEF IEO 2021a.

a. The figures for OPS7 cohort are based on a stratified random sample and have been adjusted for difference in probability of selection in the sample.

2.9 Sustainability of outcomes at project completion

Project sustainability ratings have improved over time. The sustainability rating at completion estimates the extent to which a project's outcomes are durable and the project is likely to achieve its expected long-term impact. Cumulatively, 63 percent of the completed projects are rated in the likely range for sustainability (figure 2.10). Sixty-five percent of the completed projects of the OPS7 cohort were rated in the likely range for sustainability, which is statistically the same as the 63 percent for the OPS6 cohort.

Figure 2.10 Percentage of projects with likelihood of sustainability at implementation completion

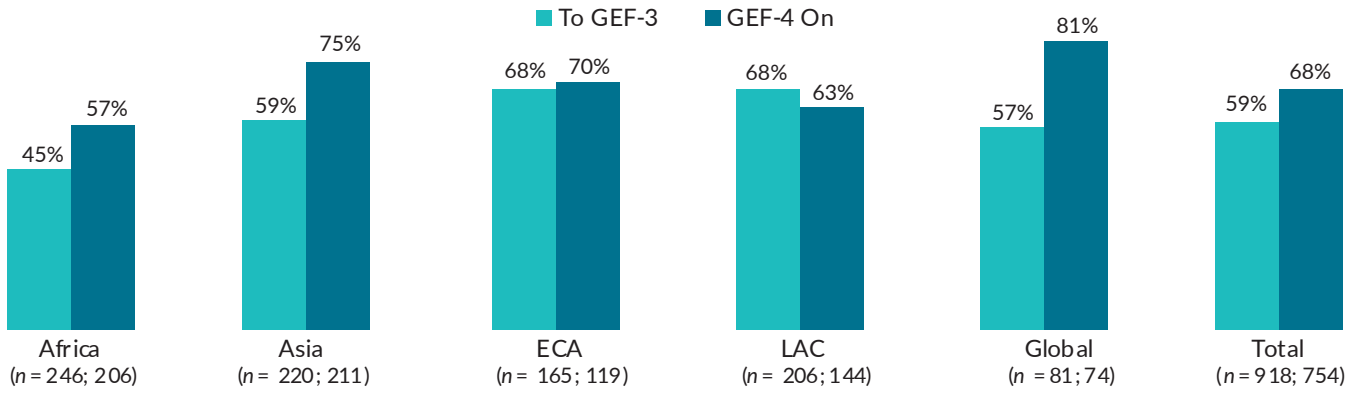


Source: GEF IEO Terminal Evaluation Review Database.

Projects that were approved after GEF-3 have higher sustainability ratings than projects in the preceding periods. Compared to 59 percent of those approved up to GEF-3, outcomes of 68 percent of those approved from GEF-4 onward are more likely to be sustainable at completion (figure 2.11). Sustainability ratings have improved substantially after GEF-3 in Africa and Asia, remained more or less the same for projects in Europe and Central Asia, and showed a slight drop for projects in Latin America and the Caribbean, which was not significant. There was a remarkable improvement in the sustainability outlook of the global (including interregional) projects, which improved from 57 percent to 81 percent.

Stakeholder and/or beneficiary buy-in, political support including adoption of complementary legal and regulatory measures, financial support for follow-up, and sustained efforts by the executing agency improve the likelihood of sustainability (GEF 2019a). There is a statistically significant correlation between materialization of cofinancing and likelihood of sustainability ratings. A comparison by region showed that projects in Africa may need more follow-up support to be

Figure 2.11 Likelihood of sustainability by region: projects approved up to GEF-3 versus those approved from GEF-4 onward



Source: GEF IEO Terminal Evaluation Review Database.

Note: Global projects include interregional projects.

sustainable than projects in other regions. A qualitative analysis of the terminal evaluations of recent projects (GEF-5 onward) conducted by the GEF IEO shows that selection of suitable partners, alignment of project design with existing needs and capacities, and engaging stakeholders and communities in project implementation are important factors that reduce risks to sustainability. Sustainability in environmental outcomes takes time (box 2.2).

The outcomes of most GEF projects are sustained during the postcompletion period. For at least two years after implementation completion, a vast majority of projects sustained their results and progressed further in achieving their long-term impacts.[8] Factors including financial support for follow-up, political support, stakeholder buy-in, follow-up by and capacities of the executing agency, consideration to sustainability-related arrangements in project design, and country context are important factors in postcompletion sustainability. Observed sustainability and the outlook of some projects regressed to a lower level because risks such as lack of financial support for follow-up, low political support, low institutional capacities, and low stakeholder buy-in materialized. However, there were also projects where the observed sustainability and outlook were higher than assessed at implementation completion.

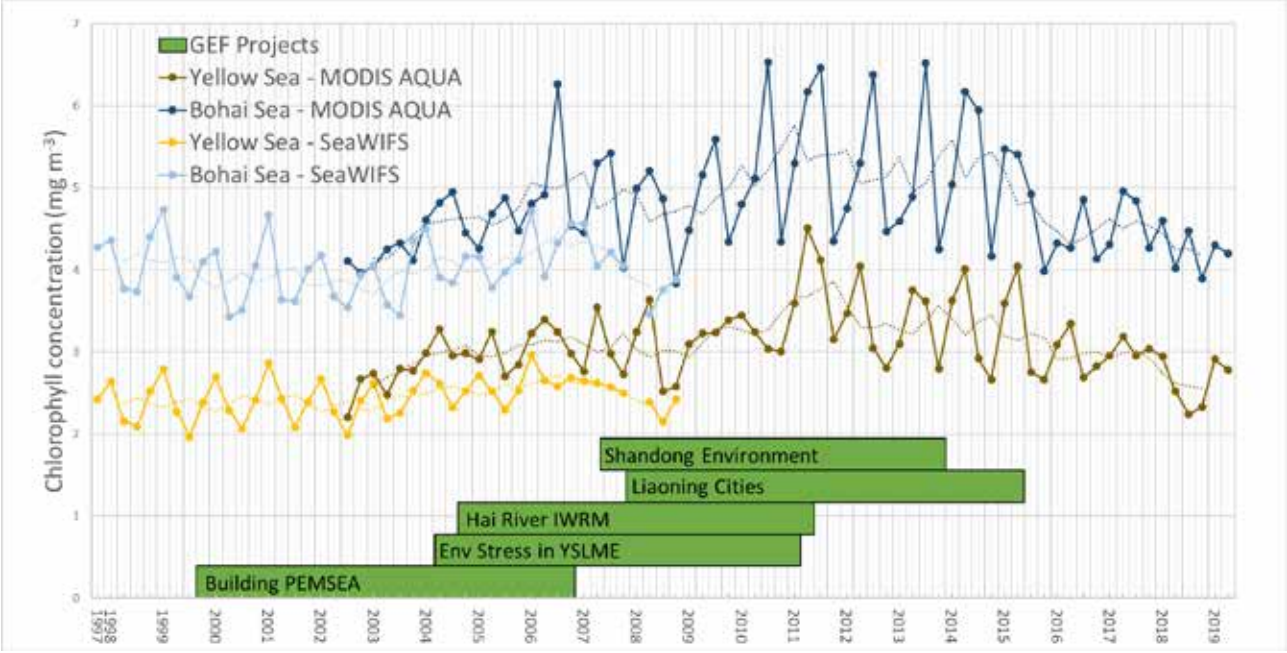
During the postcompletion period projects progress toward achieving their long-term impacts. Catalytic processes of broader adoption such as replication, upscaling, mainstreaming, and market change were observed in more projects at postcompletion, based on field verification, than at implementation completion. At a more granular level, compared to implementation completion, there was a statistically significant increase in percentage of projects for which broader adoption of technology dissemination, governance arrangements (including development of legal and policy measures), and management approaches (including development of management plans and strategies) were reported at postcompletion.

In several projects, government support in the form of legal and institutional arrangements and financial support were critical in ensuring sustainability. The payment for environmental services (PES) program in Costa Rica continues to function several years after implementation completion in 2014 because of the nature of GEF support and arrangements put in place

Box 2.2 Postcompletion assessments of GEF interventions in the Yellow Sea

The Yellow Sea Large Marine Ecosystem (YSLME), a shallow semi-enclosed sea between China to the west and the Korean peninsula to the east, has higher primary productivity than deeper oceanic areas as well as a large amount of aquatic animal and plant life, including lucrative fisheries. However, the YSLME is highly susceptible to pollution, with several major cities along its coast. Effluent creates an excess of nutrients that leads to eutrophication, damaging red tides, and hypoxic zones that are not suitable for animal habitats. To combat this pollution, the GEF has invested at least $128 million along with over $1 billion in cofinancing in at least 12 interventions since the 1990s related to the YSLME. These interventions include those designed to reduce shipping waste, establishing mechanisms to influence waste management policy, and improving waste treatment facilities in coastal cities. The results, using geospatial analysis, show that chlorophyll levels increased from the 1990s to the early 2010s before decreasing from 2015. These results indicate that a sustained effort from the GEF and other actors has led to a delayed success that only materialized over 20 years of implementation. Environmental changes take time, and project impacts might only show results many years after implementation. The encouraging downward trend since 2015 may be a sign that persistent investment has started to pay off for the GEF in the YSLME, though future monitoring will be necessary to confirm this finding.

Figure B2.2.1 Time series of chlorophyll concentration from mid-1997 to mid-2019 for the wider Yellow Sea Large Marine Ecosystem and the Bohai Sea only



Source: NASA Goddard Space Flight Center, Ocean Ecology Laboratory, Ocean Biology Processing Group. Moderate-resolution Imaging Spectroradiometer (MODIS) Aqua Ocean Color Data, NASA OB.DAAC, Greenbelt, MD, USA.

Note: MODIS Aqua and SeaWiFS data are shown for their respective periods of activity. Dotted lines show the rolling average of each sensor. Implementation periods for selected historical GEF projects are shown as green bars.

by the government in 2014 (GEF ID 2884, World Bank). It continues to be funded by revenues from a fuel tax and water tariff that are intended to offset carbon emissions from fossil fuel use and costs of maintaining watersheds that provide water to municipalities, respectively. At the same time, the GEF capitalized a trust fund to provide payments specifically for protecting biodiversity, because the government had no existing funding source for that purpose. This currently generates a guaranteed annual return of 5 percent, which is used to fund operations and the biodiversity payments.

The GEF-5 project Improve the Health and Environment of Artisanal Gold Mining Communities in the Philippines by Reducing Mercury Emissions (GEF ID 5216), implemented by UNIDO, was one of the early efforts by the GEF to reduce mercury in the artisanal and small-scale gold mining (ASGM) sector. By project end, the project mostly achieved its objectives: to reduce mercury use and exposure and create a formalized national miners' association (NCSSMI). Postcompletion, mercury use continued to drop in one project area, which was mostly attributed to sustained government presence and enforcement of mercury bans. In areas where the government presence was lower, reductions achieved during the project were reversed as miners shifted back to the cheaper method of mining with mercury. The NCSSMI continued to grow in importance after project completion because of stakeholder buy-in and follow-up support provided by the executing agency, Ban Toxics. The association now has 20 member associations and encourages formalization of its member miners.

Follow-up activities and financing undertaken by the GEF Agencies also play an important role in ensuring sustainability. For example, the Mekong River Basin Water Utilization Project (GEF ID 615, World Bank) developed procedures and guidelines for the Mekong River Commission for management of the river basin in Cambodia, Lao People's Democratic Republic, Thailand, and Vietnam. The World Bank provided loans for follow-up projects to facilitate implementation of the procedures and guidelines developed as part of the GEF project. Introduction of Climate Friendly Measures in Transport project in Mexico (GEF ID 1155, World Bank) facilitated development of the first bus rapid transit line in Mexico City. The government has provided sustained financial support to the rapid transit line, and subsequently more metrobus lines were added. This support has facilitated a long-term modal shift from small inefficient vehicles to a climate-friendly low-carbon public transit system.

Recognizing the importance of addressing sustainability in project design, the integrated programs of GEF-6 and the impact programs of GEF-7 are incorporating these factors in design. The child projects of the impact programs address institutional, and to a lesser extent, financial factors (GEF IEO 2021f). All child projects consider institutional sustainability of outcomes. Seventy-nine percent of projects report stakeholder engagement in designing and implementing project activities, as well as focus on social inclusion. In the Congo Basin Impact Program child project in the Central African Republic (GEF ID 10347), one component focuses on strengthening the fiscal and governance framework, recognizing that improving management of the ecological corridor between two protected areas is crucial for their long-term sustainability. The Amazon Impact Program child project in Ecuador (GEF ID 10259) plans to engage diverse stakeholders in the design and management of connected corridors to empower them to sustain these corridors.

NOTES

1. The total allocations in GEF-7 exclude the corporate budget ($151.9 million), which was included in the total GEF-7 replenishment of $4.068 billion (GEF Secretariat 2018d, table 1).
2. Since the grant amount for programmatic approach is calculated as the sum of child projects, this number will increase as more child projects of the impact programs are endorsed/approved.
3. The GEF-6 funding shortfall and prioritization of planned work programs was the object of a Council discussion and decision in 2016 (GEF Secretariat 2016b).
4. Fragile states are classified based on the World Bank's Classification of Fragile and Conflict-Affected Situations.
5. GEF (2005a) and GEF Secretariat (2010): GEF-4 and GEF-5 programming documents.
6. The GEF-5 ratings are likely to adjust downward as more projects approved during GEF-5 are completed.
7. The OPS7 cohort comprises a representative stratified sample of 161 projects; the figures presented are probability adjusted. All projects of the OPS6 cohort were also reviewed.
8. Based on analysis of evidence on 62 completed GEF projects that were covered through independent postcompletion verification (Negi and Sohn forthcoming).

CHAPTER 3

PERFORMANCE BY FOCAL AREA

This chapter presents the strategies adopted by the GEF focal areas for moving toward their objectives, explores the development of their portfolios, and looks at performance in terms of evaluated achievements and—to the extent possible—field-level results. Though the primary focus is on recent developments, these are placed within a brief historical perspective.

3.1 Biodiversity

STRATEGY

The GEF's strategic objectives in biodiversity derive from those of the Convention on Biological Diversity (CBD) and have evolved throughout the GEF replenishment periods to refine approaches to address the drivers and pressures promoting biodiversity loss. Since its inception in 1992, the CBD has moved through several phases, which have guided the successive GEF biodiversity strategies.

- **GEF-5 (2010–14).** Concentration on conservation and sustainable use of biodiversity and maintenance of ecosystem goods and services.
- **GEF-6 (2014–18).** Support to the CBD Strategic Plan for Biodiversity 2011–2020, including the new Strategic Plan for Biosafety prioritizing three principal direct drivers of biodiversity loss—habitat loss, overexploitation, and invasive alien species—which remained the most critical for the achievement of the Aichi Biodiversity Targets. There were four objectives:
  - Improve sustainability of protected area systems
  - Reduce threats to biodiversity

- Sustainable use of biodiversity
- Mainstream conservation and sustainable use of biodiversity into production landscapes/seascapes and other sectors.

- **GEF-7 (2018–22).** Aims to help maintain globally significant biodiversity in landscapes and seascapes by contributing to three objectives:

  - Mainstream biodiversity across sectors as well as landscapes and seascapes
  - Address direct drivers to protect habitats and species
  - Further develop biodiversity policy and institutional frameworks.

  The GEF-7 strategy also interacts with three impact programs that seek to deliver results at scale by addressing key underlying drivers of biodiversity loss as well as direct drivers/pressures:

  - Impact Program 1: Food Systems, Land Use, and Restoration
  - Impact Program 2: Sustainable Cities
  - Impact Program 3: Sustainable Forest Management for Major Biomes.

The combination of biodiversity-specific activities and multisectoral impact programs is intended to provide a comprehensive strategic response to the most prominent direct drivers/pressures of biodiversity loss.

PORTFOLIO

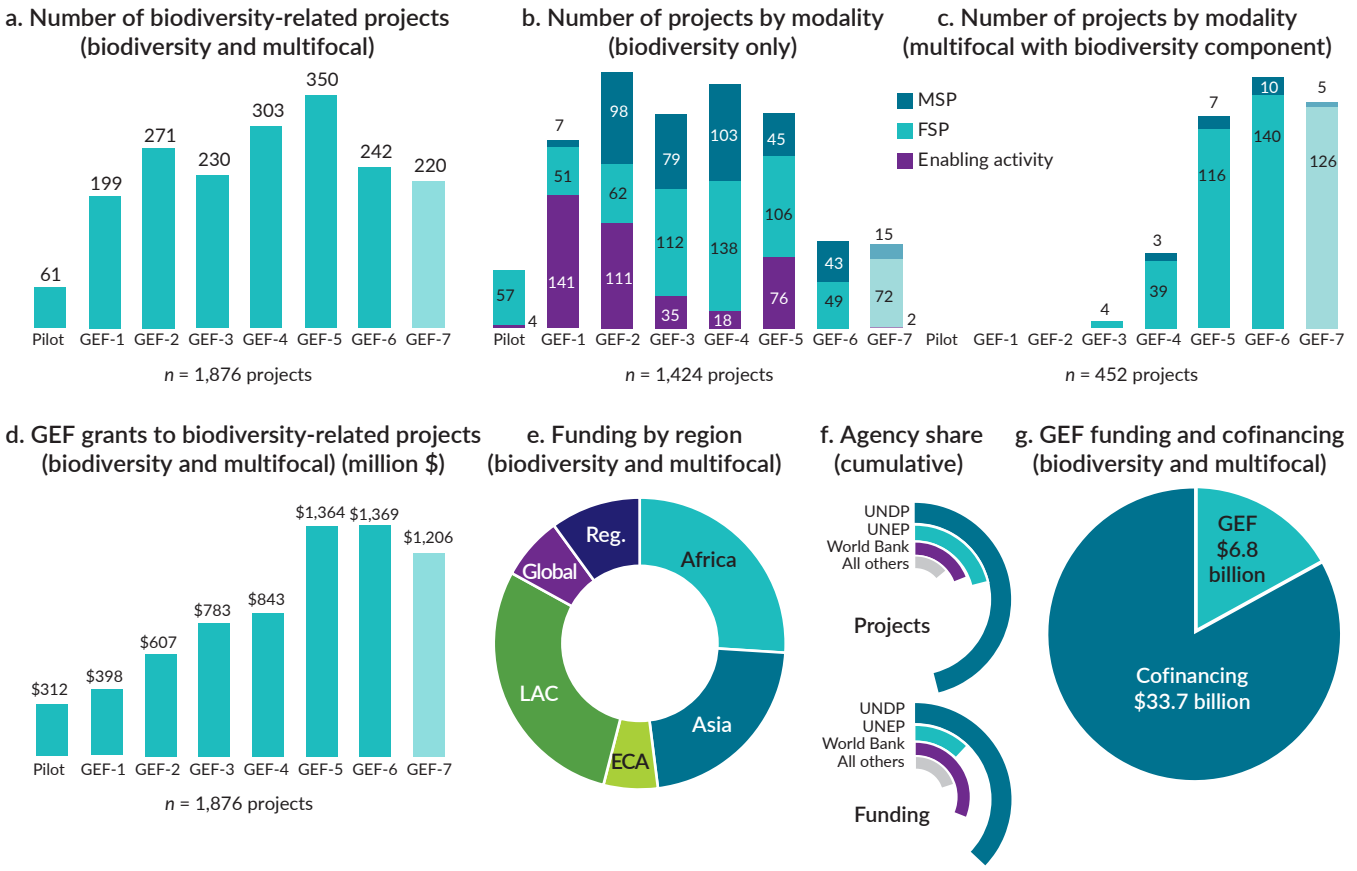
Figure 3.1 provides an overview of some key dimensions of the biodiversity portfolio from the pilot phase to the present. Figure 3.1a displays the overall number of biodiversity-related projects. It then splits the total into biodiversity-only projects and multifocal area projects with biodiversity components (figure 3.1b and 3.1c, respectively), in both cases exploring the breakdown into enabling activities, medium-size projects (MSPs), and full-size projects (FSPs). The overall GEF grant amount to biodiversity is then shown (figure 3.1d), followed by the distribution of projects and funds by the main GEF Agencies participating in this focal area. (The summary figures for the other focal areas follow a similar presentation approach.)

As of mid-2021, a total of 1,876 projects had received funding, including those currently under implementation. These numbers cover both biodiversity-only projects and multifocal area projects including biodiversity. The number of projects by replenishment period shows considerable fluctuation, but with a broadly upward direction until GEF-5, after which the number of projects is reduced.

Considering only biodiversity-specific projects (1,424 in number), up until GEF-5 there was some emphasis on **enabling activities**. These are the vehicle for supporting countries in developing or revising their national biodiversity strategies and action plans (NBSAPs) or in their reporting to the CBD on implementation of the Nagoya Protocol or of the Cartagena Protocol. This support fluctuates according to guidance from the CBD; none was recorded in GEF-6 or to date in GEF-7. There were also 414 **MSPs** between the pilot phase and GEF-7 to date, developing and testing approaches at a modest scale. The great majority of these (389) were biodiversity only, with 25 multifocal area projects including biodiversity. Beginning with GEF-5, these MSPs steadily decline in number, as do the enabling activities, leaving the portfolio with a much greater emphasis on **FSPs**.

Looking at the set of **multifocal area** projects with a biodiversity component (452 in total), this number grew substantially from GEF-3 onward and is moving toward 150 such projects per GEF replenishment period. Almost all of these are FSPs.

Figure 3.1 Biodiversity portfolio highlights



Source: GEF Portal.

Note: Data are as of June 16, 2021, and exclude the SGP global program, dropped projects, and projects canceled without any utilization. Project financing excludes Agency fee, project preparation grant (PPG) funding, and PPG Agency fee. The grant amount for programmatic approach is calculated as the sum of child projects to avoid double counting. Cofinancing amount is promised cofinancing reported at project design stage. ECA = Europe and Central Asia; LAC = Latin America and the Caribbean.

As to the **geographical distribution** of biodiversity funds, there has been no major shift in funding allocations among regions over time. In most GEF replenishment periods, Africa, Asia, and Latin America and the Caribbean have each received between 20 and 30 percent of funds, while the Europe and Central Asia region has featured substantially less to date. Regional activities have received about 10 percent of funds, with some fluctuations between replenishment periods; global projects have received around 7 percent of focal area funds overall.

The amount of GEF grants to biodiversity projects, both single focus and multifocal, has grown consistently from the pilot phase to the present, with over $1 billion already allocated in GEF-7, from a start of about $250 million in the pilot phase. Overall, the cumulative funds to biodiversity (including in multifocal area projects) have now reached $6.8 billion, with an anticipated $33.7 billion in cofinancing recorded in project documents.

During the first 18 months of GEF-7 (until December 2019), objective one of its biodiversity strategy, which is focused on mainstreaming, was the priority for expenditure with $165.6 million, or 69 percent of funds.

Objective two, which is focused on protected areas management and species protection, proved a secondary priority for countries with $65.7 million, or 28 percent, being invested. Objective three, which aims to support implementation of the two protocols and reporting obligations of the convention, received a low GEF allocation, although expenditure of these amounts was high.

The total value of investments from all GEF resources to achieve the Aichi Biodiversity Targets from all the relevant programming lines in GEF-7 (biodiversity focal area strategy, GEF-7 impact programs, the international waters focal area, the Least Developed Countries Fund [LDCF] for climate change adaptation, nongrant instruments, and the Small Grants Programme) in the first 18 months of GEF-7 was $1.056 billion, which leveraged intended cofinancing of $8.955 billion for a total investment of $10.01 billion.[1]

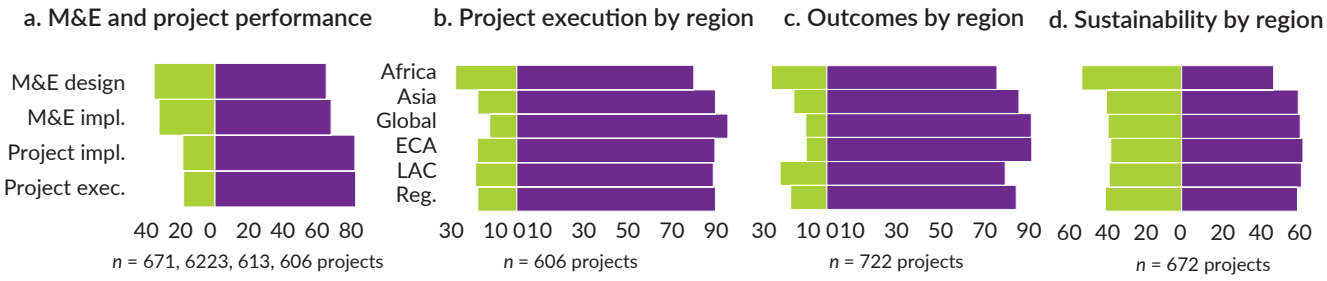
Programming options also include impact programs that can deliver more returns per unit of investment by seeking systemic responses to problems that emerge from more than one sector. They make significant and synergistic contributions to the GEF-7 four-year framework of program priorities and the associated expected outcomes as agreed at the 13th Conference of the Parties (COP 13).

PERFORMANCE AND RESULTS[2]

The 2021 Annual Performance Report presents data on terminal evaluation ratings of completed biodiversity projects. As shown in figure 3.2, 80 percent of projects were rated satisfactory on execution and the same proportion on implementation. Monitoring and evaluation (M&E) design and implementation both fall short of this level at around 60 percent satisfactory.

These figures may disguise variation in performance and analysis was first undertaken to explore whether regional factors have been important. Looking first at implementation, global and Europe and Central Asia projects both show a high tendency toward satisfactory performance; Asian, African, Latin America and the Caribbean, and regional projects have a lower score. With regard to project execution (figure 3.2), there are smaller differences among regions, although global and Asia projects perform slightly better. Project outcome ratings show similar variation, with Europe and Central Asia and global projects at the highest level, followed by Asia and regional projects. Sustainability is considerably less easy to deliver, because it is highly dependent on a range of stakeholders continuing to support approaches in future. This is shown clearly in the ratings, where 60 percent of project evaluations

Figure 3.2 **Biodiversity project performance ratings (% of projects)**



Source: GEF IEO Terminal Evaluation Review Database.

Note: ■ Unsatisfactory/unlikely; ■ Satisfactory/likely; ECA = Europe and Central Asia; LAC = Latin America and the Caribbean.

consider sustainability to be likely and the remainder do not. This dimension shows less variation among regions than others, with the Africa region as the only outlier at around 50 percent likelihood.

The most recent confirmed results are those available in the GEF IEO database of terminal evaluation results as of mid-2021. Projects from GEF-6 and GEF-7 have not yet reached this stage, but 66 completed GEF-5 projects have; data on their results are shown in table 3.1.

These figures show that achievements of projects targeting effective conservation and management of protected areas are on aggregate falling substantially short of their targeted results, suggesting that it will be difficult to reach the overall GEF-5 target in this area. With regard to the sustainable use and management of biodiversity in land and seascapes, the shortfall against targets is much less, suggesting that the overall performance may not be substantially short of the GEF-5 target. Two special thematic areas were assessed during the GEF-7 period: biodiversity mainstreaming and the Global Wildlife Program (boxes 3.1 and 3.2).

Box 3.1 Special theme: Biodiversity mainstreaming

The GEF biodiversity mainstreaming portfolio was independently evaluated in 2018. At that time, it was composed of 471 projects financed through $2.34 billion in grants and $12.73 billion in cofinancing. The regional distribution of biodiversity mainstreaming support was consistent with that of the world's globally significant biodiversity. The GEF's biodiversity mainstreaming portfolio has played a significant role in implementation of the CBD in its member countries. Projects are explicitly designed to address recognized threats to biodiversity, while implementation strategies are integrative and multitiered in their approach.

Many GEF projects have successfully raised the profile of biodiversity conservation within a range of targeted sectors, institutions, policies, and territories contributing toward globally significant biodiversity. Findings of applied research, field demonstrations, and extension have been transferred to senior sectoral and government levels to transform production models and inform policy decisions.

The GEF biodiversity mainstreaming portfolio has contributed to legal, environmental, regulatory, governance, and socioeconomic aspects, bringing incremental cost benefits. It has promoted innovative approaches based on multistakeholder partnerships that link grassroots organizations to regional research institutions, advocacy platforms and national environmental authorities.

Several projects have contributed to natural capital assessment and accounting; landmark biodiversity legislation; transformation of core institutional/sector practices; and measurable conservation impacts on forest cover, pasture, and other biodiversity indicators.

The potential for biodiversity mainstreaming is conditioned to a large extent by intervening factors that influence project effectiveness and efficiency, including unpredictable externalities outside the project's control. Features that facilitate mainstreaming biodiversity include aligning interventions with national development objectives; long-term strategic partnerships with nationally recognized knowledge organizations; commitment of national partners, engagement with key stakeholder groups; and the presence of good governance, political will, and champions for change.

However, capturing other additionalities such as socioeconomic and environmental impacts deriving from the GEF's support for biodiversity mainstreaming in productive landscapes and seascapes remains a challenge. Engaging the private sector at a broader scale has also been a challenge for biodiversity mainstreaming.

Table 3.1 Environmental results reported in terminal evaluations of GEF-5 biodiversity projects

GEF-5 environmental targets and results in biodiversity	GEF-5 target (mil. ha)	Aggregate target in project proposals (mil. ha)	Completed projects			
			Provided ex ante target	Provided data at completion	Aggregate target (mil. ha)	Achieved at project completion (mil. ha)
Effective conservation and management of protected areas	170	165.33	33	32	61.18	39.52
Sustainable use and management of biodiversity in land and seascapes	60	60.18	28	21	8.35	6.97

Box 3.2 Special theme: Global Wildlife Program

Illegal wildlife trade (IWT) is one of the leading global threats to biodiversity to which the GEF has responded with a concerted effort to fund a broad range of activities. To coordinate these activities, the Global Partnership on Wildlife Conservation and Crime Prevention for Sustainable Development (known as the Global Wildlife Program, GWP) was developed during GEF-6. Designed to be implemented over a period of seven years, the $131 million GWP aims to address supply, trafficking and demand for illegal wildlife products through 20 child projects in Asia and Africa, including one global coordination and knowledge management grant.

The GWP was independently evaluated in 2017 and reported on in OPS6. Since that evaluation, a number of further developments have occurred, notably:

- Many key recommendations from the 2017 IWT evaluation were successfully taken up by GEF-6 child projects and the GEF-7 GWP Program Framework Documents. These have included maintaining an explicit IWT mission, placing a focus on interventions that disrupt the entire supply chain, and strengthening regional and global programming.
- The COVID-19 pandemic has significantly affected GWP child projects on the ground, causing delays in funding and deliverables. Effects relate primarily to increased poaching and the decreased revenue from tourism, which have made many child projects more vulnerable.
- Though some GWP child projects incorporate elements that align with the broader programmatic focus on demand reduction, there are several reasons why such reduction has been less developed than other stages of the IWT supply chain. These include a lack of financial incentives for countries to spend their System for Transparent Allocation of Resources (STAR) allocation on demand reduction and political sensitivities that discourage countries from acknowledging domestic demand.
- The global coordination grant has provided essential networking opportunities between child project managers and has led to meaningful exchanges. Child projects are making concerted efforts to mainstream gender and gender equity. However, progress has been mixed on how quickly and effectively this is being done.

Conflict and fragility remain critical risks associated with IWT programming, particularly in Africa and South Asia.

3.2 Climate change

STRATEGY

The GEF climate change strategy has consistently evolved in response to lessons from experience. It has been guided by three principles: responsiveness to the United Nations Framework Convention on Climate Change (UNFCCC) guidance, consideration of national circumstances of recipient countries, and cost-effectiveness in achieving global environmental benefits. The GEF has established itself as a significant and predictable multilateral source of climate finance for mitigation, adaptation and national reporting.

In financing terms, the GEF climate change focal area refers to climate change activities funded though the GEF Trust Fund. Adaptation activities are supported separately through the LDCF and the Special Climate Change Fund (SCCF).

Mitigation

Sectoral programming approach (1991–2014). Principal areas covered under sectoral approaches included climate change mitigation, technology development and deployment, urban transport and systems (GEF 2019c), and land use, land use change, and forestry (LULUCF).

Integrated programming approach (2014–22). GEF-6 marked the beginning of a more integrated approach to climate change programming. The GEF-6 climate change mitigation strategy sought to explore complementarity in the evolving landscape of climate finance, maximize synergies with other focal areas and build on national reporting obligations to mainstream mitigation goals into sustainable development strategies. The emphasis was laid on innovative programming options, including performance-based financing and incentives, promoting multifocal projects with climate benefits, catalyzing private sector engagement, and the global certification and standards program.

Adaptation

The GEF's approach to climate change adaptation during 2014–22 has been innovative and cost-effective, maximizing results from available financial resources. It has followed a two-pronged approach: (1) providing direct funding for adaptation activities through the LDCF and the SCCF and (2) climate risk management.

LDCF and SCCF. Program evaluation of the LDCF concluded that its portfolio contributed to reducing vulnerability and increasing resilience, mainstreaming climate change adaptation, and strengthening the enabling conditions for effective and integrated adaptation. LDCF projects also helped raise general awareness of adaptation across all stakeholder groups. They commonly supported strengthening institutional capacities for adaptation-focused work. The evaluation also noted that the lack of resources available for new projects during GEF-6 reduced the efficiency of the LDCF project approval process, but that once implementation has begun, the efficiency of LDCF projects is comparable to other GEF-administered funds. Furthermore, LDCF support has built foundations for larger-scale projects. Donor support in the GEF-7 period is quite high, and in fiscal year 2020, contributions recorded the highest amount since inception. In GEF-7, in a majority of least developed countries (LDCs), the LDCF is providing more support than the GEF System for Transparent Allocation of Resources (STAR) allocations combined.

The 2017 program evaluation of the SCCF concludes that the portfolio is highly likely to deliver tangible adaptation benefits and catalytic effects, although scaling-up will often demand further investments. The SCCF's effectiveness and efficiency have been

undermined by limited and unpredictable resources and continue to be in GEF-7.

In the GEF-7 cycle, as part of the approved programming strategy for adaptation, the GEF introduced the Challenge Program for Adaptation Innovation. This innovative programming approach involves the private sector in mobilizing resources for technological innovations and adaptation (GEF 2019b). Further information on these funds is provided in box 3.3.

Climate resilience under the GEF Trust Fund. GEF support under UNFCCC guidance has evolved from funding adaptation activities as part of national communications to the convention, through pilot demonstrations under the GEF-4 Strategic Priority for Adaptation (SPA), to climate risk screening for all projects from GEF-7 onward (box 3.4). While direct adaptation activities are not financed from the Trust Fund, some Trust Fund projects include adaptation co-benefits and elements of resilience building.

PORTFOLIO

Overall cumulative funding from the GEF Trust Fund for climate change activities (including participating in multifocal area projects) is estimated at $6.1 billion in GEF grants, with an estimated cofinancing of $55.6 billion. According to recent IEO data sets, 433 climate change projects funded by the GEF Trust Fund in GEF-6 and GEF-7 accessed $2.136 billion of grants and leveraged anticipated cofinancing of $30.116 billion, giving a cofunding ratio of 1:14. The overall GEF grant for the climate change focal area through the GEF Trust Fund has decreased by 30 percent from $1.260 billion (GEF-6) to $876 million (GEF-7). This is mainly attributable to amounts available under the STAR, which provides predictable climate change finance to the recipient countries. The resources available under the STAR were reduced by half from $1.088 billion in

Box 3.3 Special theme: Least Developed Countries Fund and Special Climate Change Fund

The LDCF fills a major niche in financing climate adaptation efforts of LDCs, including preparing national adaptation programs of action (NAPAs), implementing NAPA priority projects in LDCs, preparing the national adaptation plan process in eligible developing countries, and supporting other elements of the LDC work program. According to the 2020 GEF IEO LDCF program evaluation, as of late 2019, the LDCF had 280 projects approved, with $1.4 billion in LDCF financing and $6.2 billion expected in cofinancing (GEF IEO 2020e). Seventy percent of completed projects were found to have produced public goods introducing new technologies or approaches from a large to a very large extent. Sixty percent of projects built foundations for larger-scale interventions and showed some evidence of replication, while 55 percent contributed to improved management effectiveness. Half of the projects showed evidence of regional or national scale-up.

Since the SCCF commenced, 86 projects and 4 programs representing $385.1 million in grant funding have been approved, but the largest share of these were approved in GEF-5, with a sharp decline thereafter. Twenty percent of the SCCF portfolio and 25 percent of the funding are in multitrust fund projects ($97.9 million of $385.1 million), 14 of which were approved in GEF-5 and 4 in GEF-7 (GEF 2019b).

The LDCF/SCCF Annual Evaluation Report 2021 (GEF IEO 2021j) includes 18 completed projects, 14 of which were rated in the satisfactory range for achievement of outcomes (78 percent), while 7 out of 15 projects rated (50 percent) were considered likely to have generated sustainable outcomes. Eleven of the 14 projects rated were satisfactory for M&E design (73 percent) and 8 of the 13 projects for M&E implementation (57 percent).

Box 3.4 Special theme: Climate risk, adaptation, and resilience in the GEF Trust Fund

The GEF Trust Fund has increasingly addressed climate risks, adaptation, and resilience over time, focusing on climate risk screening in GEF-7. Climate risks, adaptation, and resilience were first addressed in the GEF Trust Fund through the Strategic Priority for Adaptation (SPA), a pilot program initiated in 2003 that led up to the establishment of the LDCF and the SCCF. Since the SPA, climate adaptation programming in the GEF has been focused in the LDCF and the SCCF; climate risks, adaptation, and resilience in the GEF Trust Fund have focused more on the risks climate change will pose to the global environmental benefits the focal areas aim to achieve. In GEF-7, the revised safeguards policy make it mandatory for all Trust Fund projects to include climate risk screening in project design. Integration of climate adaptation and resilience in project design has occurred through **multitrust fund projects** that combine GEF Trust Fund and LDCF or SCCF funding and **impact programs**, whose multifocal area approach encourages consideration of cross-cutting resilience. The GEF-6 Food Security IAP piloted the Resilience, Adaptation Pathways and Transformation Assessment (RAPTA) framework, developed by the Scientific and Technical Advisory Panel (STAP), which was positively received by project design staff but has not been scaled up across the partnership due to its complexity and implementation challenges.

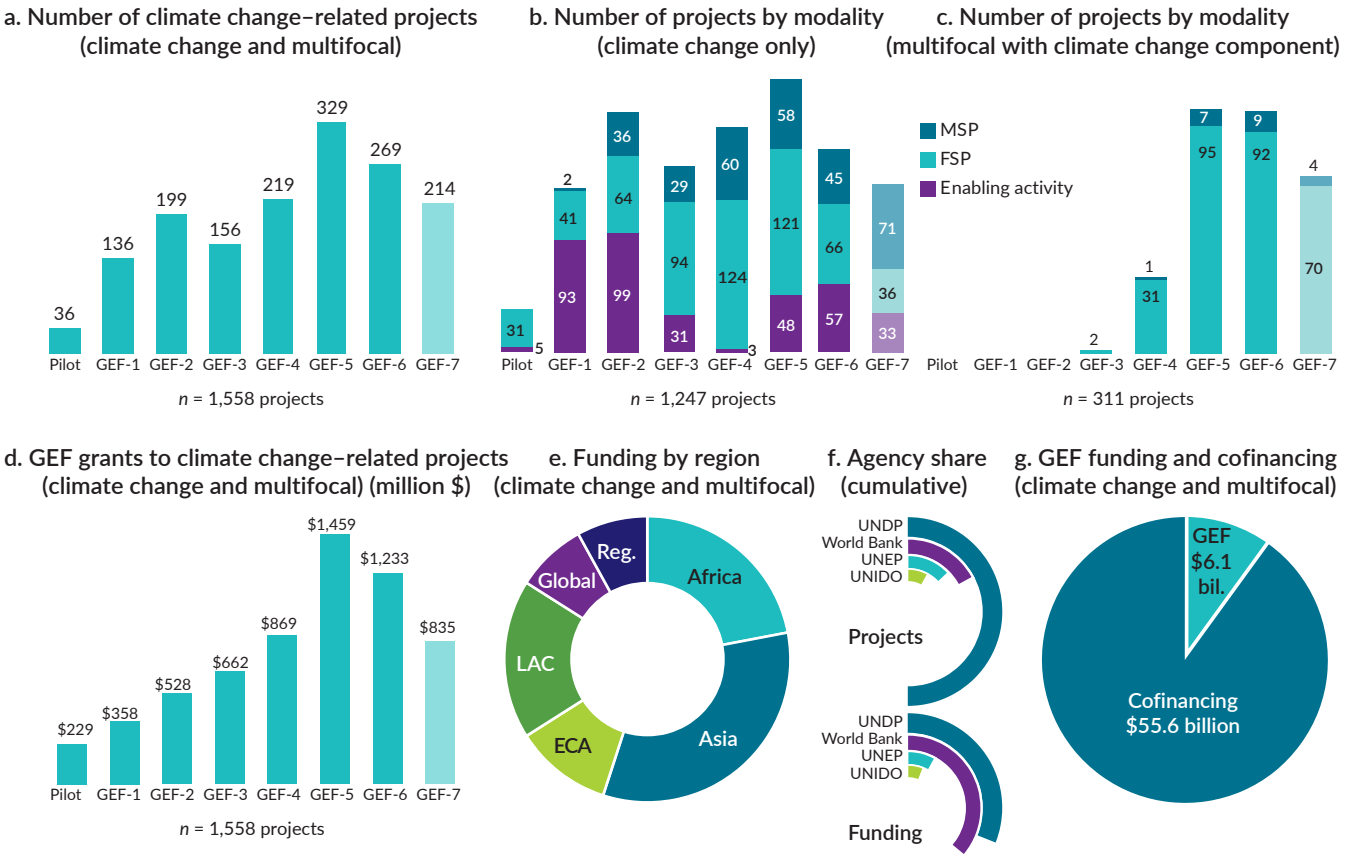
Best practices for addressing climate resilience in development projects are found to be similar to those for addressing broader resilience, many of which are included in GEF Trust Fund projects. Best practices include broad and consistent stakeholder engagement, using a systems approach to project design, focusing on marginal populations, consistent monitoring, and adaptive management. Flexibility is also a key to resilience. Predicting the timing, form, and magnitude of climate and other shocks is extremely difficult; therefore, projects must build flexibility into project design and choose interventions that prove sustainable in a variety of future scenarios.

To improve the integration of climate risks, adaptation, and resilience into GEF Trust Fund activities, the GEF is applying STAP guidance by requiring Agencies to undertake a climate risk screening at the project information form (PIF) stage and identify risk mitigation options, if relevant. GEF Agencies are required to submit a climate risk assessment for a project by CEO endorsement. The requirements and guidance on climate risk screening are complemented with training and capacity building. The GEF Secretariat and the STAP have conducted training for the GEF Agencies to facilitate increased uptake of the climate risk screening guidance. These efforts need to be strengthened so greater progress in integrating climate risks, adaptation, and resilience in GEF activities may be achieved.

GEF-5 to $559 million in GEF-7; whereas the GEF grant available under focal area set-asides increased from $49.5 million in GEF-4 to $318 million in GEF-7.

Figure 3.3 gives an overview of some key aspects of the GEF climate change portfolio of the GEF Trust Fund over time.[3] The overall number of projects (climate change–only and multifocal area projects including climate change) rose steadily from the pilot phase to GEF-5, after which the number was reduced somewhat. The overall distribution of project types fluctuated, with numerous enabling activities up to GEF-3, very few in GEF-4 and then a reappearance in GEF-5 to GEF-7. MSPs entered the portfolio in numbers in GEF-2 and remained at a fairly consistent level since then, with an increase in GEF-7. GEF-4 marked a transition toward participation in multifocal area projects, which rose rapidly from around 30 per GEF replenishment period in GEF-4 to around 100 in GEF-5 and GEF-6, with somewhere near this number likely by the end of GEF-7. Virtually all of the 311

Figure 3.3 GEF Trust Fund climate change portfolio highlights



Source: GEF Portal.

Note: Data are as of June 16, 2021, and exclude the SGP global program, dropped projects, and projects canceled without any utilization. Project financing excludes Agency fee, project preparation grant (PPG) funding, and PPG Agency fee. Only Climate change projects funded through the GEF Trust Fund are included. The grant amount for programmatic approach is calculated as the sum of child projects to avoid double counting. Cofinancing amount is promised cofinancing reported at project design stage. ECA = Europe and Central Asia; LAC = Latin America and the Caribbean.

multifocal area projects that include climate change are FSPs.

The GEF grant amount rose steadily from the pilot phase to GEF-5, where it peaked at nearly $1.5 billion, before declining substantially, with GEF-7 at only about half of this amount to date. The grant amounts have consistently and predominantly been for FSPs, with much smaller amounts used for enabling activities and MSPs. This is particularly driven in later GEF replenishment periods by climate change participation in multifocal area projects, virtually all of which are full size. Climate change–only projects have been the only opportunity for enabling or medium-size activities.

Asia has been the predominant region for cumulative climate change funding (33 percent), with Africa receiving 22 percent and Latin America and the Caribbean 18 percent. Europe and Central Asia has utilized 11 percent of funds, with regional and global projects both

at 8 percent. Proportions have fluctuated across GEF replenishment periods, but with no substantial shifts by region. Looking at the participation of GEF Agencies, the United Nations Development Programme (UNDP) has had the largest share of projects (50 percent) while the World Bank has had a greater share of finance (36 percent) with about one-third of the number of projects, indicating its preference for larger projects. The United Nations Environment Programme (UNEP) and the United Nations Industrial Development Organization (UNIDO) are the other two main Agency partners, both in terms of numbers of projects and financing.

PERFORMANCE AND RESULTS[4]

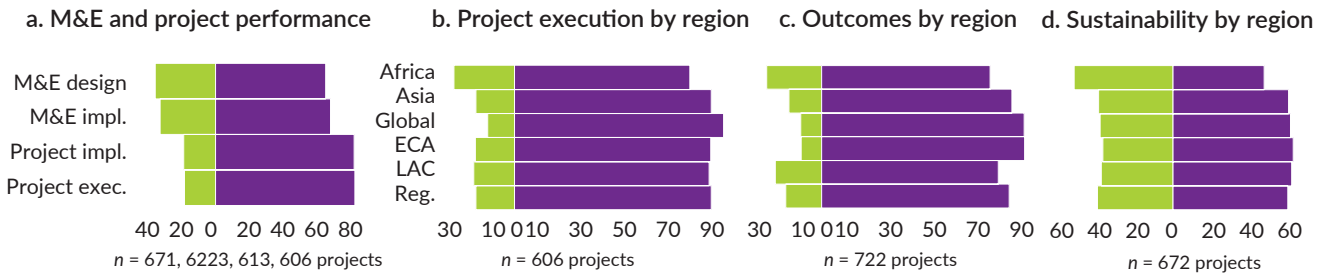
As shown in figure 3.4, performance of the climate change portfolio funded through the GEF Trust Fund records an overall rating for both implementation and execution at around 80 percent satisfactory. M&E design and implementation are both somewhat lower at just over 60 percent. Exploring by region shows that for outcomes, global projects have the highest rating at around 90 percent satisfactory, with Asia, Europe and Central Asia, and regional projects at around 80 percent. Latin America and the Caribbean and Africa are somewhat lower, both with around 70 percent satisfactory ratings. This pattern is broadly replicated for sustainability, with 75 percent of global projects likely to achieve this, followed by Asia, Europe and Central Asia, and Latin America and the Caribbean at over 70 percent; regional (65 percent), and particularly African (51 percent), projects are rated substantially less likely to be sustainable.

Examining aspects of project performance across other aspects of the portfolio, FSPs and MSPs perform at very similar levels on project implementation (both around 80 percent satisfactory), execution (both around 80 percent satisfactory), outcomes (around 75 percent satisfactory), sustainability (around 70 percent satisfactory) and M&E design (around 70 percent satisfactory). MSPs are about 10 percent less likely (around 60 percent) than FSPs to have satisfactory M&E implementation. Since design is at the same level, this is likely to be attributable to the additional resources available to FSPs.

Enabling activities have substantially lower scores (by 20–30 percent) than the other two categories on almost all criteria, but score noticeably (10 percent) higher than the other two for sustainability. Since the purpose of these activities is to enable countries to undertake substantial new activities, this is to be expected.

Comparing climate change–only projects with multifocal area projects that include climate change, few major differences appear. At 88 percent, multifocal area projects have about 10 percent more projects than climate

Figure 3.4 GEF Trust Fund climate change project performance ratings (% of projects)



Source: GEF IEO Terminal Evaluation Review Database.

Note: ■ Unsatisfactory/unlikely; ■ Satisfactory/likely; ECA = Europe and Central Asia; LAC = Latin America and the Caribbean.

change, which score satisfactory on implementation, while both multifocal and climate change–only projects score just over 80 percent satisfactory on execution. Both categories score about 80 percent satisfactory on outcomes, while climate change–only projects score substantially higher for sustainability (71 percent to 55 percent). One factor contributing to the relatively low score on this dimension may be the increased complexity of projects spanning several focal areas, where interactions among results in different areas are necessary to secure future progress. With regard to M&E, both of the activity streams score 67 percent for design, while multifocal area projects fare slightly better on implementation (71 percent as against 64 percent).

Considering aspects of performance by replenishment period, a consistent picture emerges, with substantial improvements in project ratings from the pilot phase up to GEF-2 and relative stability thereafter. For outcomes, from the pilot phase level of 63 percent satisfactory, a score of 78 percent satisfactory had been reached by GEF-2, rising slightly to 85 percent by GEF-5. Similarly, for likely sustainability, the level rose from 44 percent in the pilot phase to 68 percent in GEF-2 and has fluctuated only slightly around this figure during the subsequent replenishment periods. For project implementation, the proportion rated satisfactory had already reached 80 percent by GEF-2 and continued to increase slightly to 86 percent by GEF-5. Trends are similar for execution, again reaching 86 percent by GEF-5. Only M&E shows some variation from this broad pattern. Design ratings have consistently improved from 36 percent satisfactory in the pilot phase to 80 percent by GEF-5. However, M&E implementation performance has been relatively static, with a percentage satisfactory in the mid-60s throughout, except in GEF-1, when 76 percent was reached. The largely static trend in this area suggests that many countries still lack the capacity to implement M&E designs prepared with external assistance.

The most recent confirmed results are those available in the GEF IEO database of terminal evaluation results as of mid-2021. Projects from GEF-6 and GEF-7 have not yet reached this stage, but 54 completed GEF-5 projects have, and data on their results are shown in table 3.2.

The results recorded in the GEF-5 project cohort show that targets for carbon dioxide–equivalent (CO_2e) emissions and for demonstration of innovative technologies have already been substantially exceeded. New renewable energy capacity installed is moderately below target for completed projects and substantially below the apparently unrealistic targets in some project

Table 3.2 Environmental results reported in terminal evaluations of GEF-5 climate change projects

GEF-5 environmental targets and results in climate change mitigation	GEF-5 target	Aggregate targets in project proposals	Completed projects			
			Provided ex ante target	Provided data at completion	Aggregate target	Achieved at project completion
CO_2e emissions avoided	500 MT	2,886 MT	26	22	247.99 MT	339.59 MT
Demonstration of 3–4 innovative technologies	10–15 countries	26 countries	16	12	17 countries	54 countries
New renewable energy capacity installed	500 MW	1,430 MW	7	6	39.60 MW	33.73 MW
CO_2e emissions avoided from LULUCF	315–675 MT	549 MT	9	9	36.03 MT	33.92 MT

proposals as well for the overall GEF-5 target, which will be difficult to meet. For CO_2e emissions avoided by LULUCF, completed projects show a slight shortfall and there is still far to go to deliver the GEF-5 target, which looks unlikely to be met.

The cost-effectiveness of GEF climate change mitigation projects is defined in terms of unit abatement cost, the cost per unit of greenhouse gas emissions abated or sequestered (expressed as dollars per ton of carbon dioxide equivalent). Information on expected results and budget in the programming directions documents for GEF-4 to GEF-7 shows improvement in the targeted cost-effectiveness for climate change mitigation activities financed through the GEF Trust Fund. For GEF-4, the targeted cost per metric ton of CO_2e abatement was \$0.62–\$0.75. For GEF-5, the targeted cost increased to \$2.7 per metric ton of CO_2e abatement; although the aggregate of the project-level targets for the approved projects for GEF-5 was substantially higher and resulted in an expected cost of \$0.47 per metric ton of CO_2e abatement. During GEF-6, the targeted cost was \$1.68 per metric ton of CO_2e abatement, which further declined to \$0.53 for GEF-7 on account of higher targets along with a lower funding allocation. The delivery of this GEF-7 target—which is twice the amount planned for the GEF-6 cycle—needs to be assessed toward the end of the cycle (as was also observed by the UNFCCC COP 24) to determine the actual cost-effectiveness of the GEF-7 strategy in a comprehensive manner.

According to recent data, 433 GEF-funded climate change projects have been evaluated by GEF IEO. Their total grant value of \$2.186 billion is reported to have leveraged cofinancing of \$30.116 billion—a 1:14 cofunding ratio. Of the 433 projects evaluated, the outcomes of 294 projects (utilizing \$1.53 billion of grant) have been rated satisfactory, while those of 286 projects (receiving grants of \$1.389 billion) were rated as likely to be sustainable.

3.3 International waters

STRATEGY

Unlike other GEF focal areas, international waters does not serve one specific international convention. Its strategy has therefore been refined over time, in the light of emerging understanding and international agreement on critical issues. This has enabled a consistent but evolutionary approach with periodic rebalancing to reflect emerging priorities.

In GEF-6, international waters had three strategic objectives, under which seven programs were implemented. These objectives were as follows:

- Catalyze sustainable management of transboundary water systems by supporting multistate cooperation through foundational capacity building, targeted research, and portfolio learning.
- Catalyze investments to balance competing water uses in the management of transboundary surface and groundwater and enhance multistate cooperation.
- Enhance multistate cooperation and catalyze investments to foster sustainable fisheries, restore and protect coastal habitats, and reduce pollution of coasts and large marine ecosystems.

The GEF-7 international waters focal area strategy continues to address the above concerns but also brings heightens focus on two critical water-related issues that threaten global sustainability. These are the declining marine fisheries (including on the high seas) and the growing impacts on freshwater security of socioeconomic development and of climate variability and change.

The global environmental community has increasingly recognized that both marine and freshwater systems are in most cases shared by more than one country.

Hence, fostering cooperation among littoral and riparian countries is now more than ever an endeavour of crucial importance. Such an approach has been central to international waters focal area objectives and activities since its work began, particularly as the GEF provides the only consistent funding window primarily dedicated to promoting transboundary water cooperation.

Within its overarching strategic objectives, GEF-7 programming also emphasizes the need to support sustainable livelihoods and economic development relevant to international waters, through promoting the development of the blue economy in the oceans and the achievement of water security on land. These approaches are intended to help reconcile the imperatives of socioeconomic development and environmental sustainability, while accruing global environmental benefits in terms of transboundary cooperation, enhanced ecosystem health, and biodiversity conservation.

Besides the two major focal area objectives outlined above, the GEF-7 Strategy has reopened the Area Beyond National Jurisdiction (ABNJ) funding window, based on encouraging results achieved by ABNJ projects funded in GEF-5. The focus is on supporting regional fisheries management organizations in their efforts to reduce illegal, unreported, and unregulated fishing and to establish partnerships with large commercial fleets.

PORTFOLIO

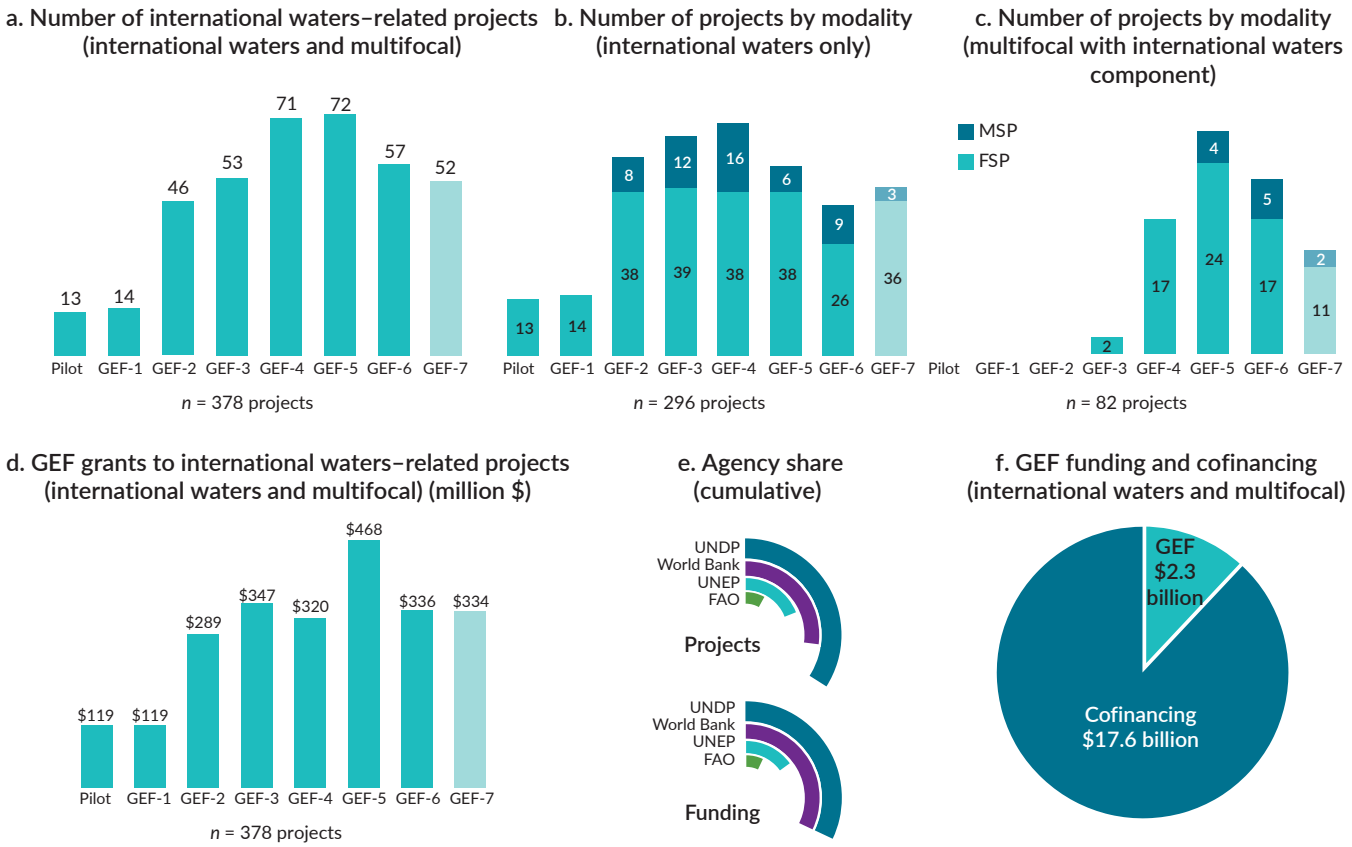
The portfolio consists of two streams, international waters–only projects and multifocal area projects that include international waters inputs. As shown in figure 3.5, the overall number of projects rose steadily from GEF-1 to GEF-5 and has declined since then. The great majority of projects in both streams have been full size, although they also contain some MSPs. Prior to GEF-4, multifocal area investments had been supported through Operational Program (OP) 9 and later OP12. GEF-4 marked the transition of the portfolio into multifocal area projects, which peaked in GEF-5 and dropped in numbers somewhat thereafter. The GEF grant amount climbed from GEF-1 to GEF-5 and fell slightly after this period. Throughout the history of the portfolio, MSPs have used a very small proportion of the grant funds, but have played an important role as a bridge between intervention phases as well as in testing and developing new methods and approaches.

Regarding the distribution of projects among Agencies, UNDP has implemented about one-third, in terms of both number and grant amount. The World Bank has implemented fewer projects, but with a similar amount of financing, indicating a tendency to larger projects (although less so than in some other focal areas). UNEP and FAO are the only other Agencies with notable implementation responsibility. Overall, the focal area has used about $2.3 billion in GEF grants and generated cofinancing commitments of $17.6 billion, a ratio of 1:7.6.

The resource allocation for GEF-7 is $463 million, which is 11.4 percent of the total GEF-7 Trust Fund portfolio. This shows a modest 1.1 percent growth with respect to GEF-6. The imbalance between marine (60 percent in GEF-6) and freshwater (40 percent) activities noted in OPS6 has been partially redressed through increased investments in integrated water resources management in transboundary river and lake basins: from 24 percent of focal area allocations in GEF-6 to 36 percent in GEF-7. Overall, the GEF Secretariat has estimated a balance of 52 percent marine water and 48 percent freshwater investment by mid-2021,

Land-based wastewater pollution is addressed through the large marine ecosystem implementation projects as well as two wastewater-specific projects. Plastic pollution is addressed by four international waters and chemicals and waste projects for a total of

Figure 3.5 International waters portfolio highlights



Source: GEF Portal.

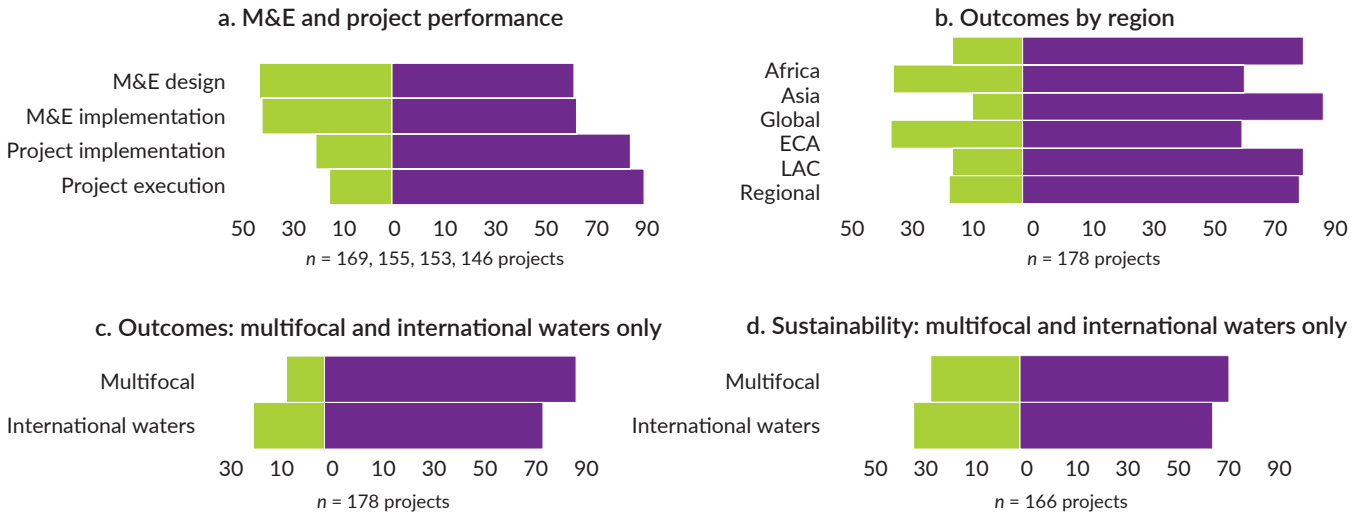
Note: Data are as of June 16, 2021, and exclude the SGP global program, dropped projects, and projects canceled without any utilization. Project financing excludes Agency fee, project preparation grant (PPG) funding, and PPG Agency fee. The grant amount for programmatic approach is calculated as the sum of child projects to avoid double counting. Cofinancing amount is promised cofinancing reported at project design stage. ECA = Europe and Central Asia; LAC = Latin America and the Caribbean.

$25.3 million, as well as four non–international waters projects totaling $88.8 million; this makes for a total of $114.1 million invested in eight plastic pollution projects in GEF-7.

PERFORMANCE AND RESULTS[5]

As shown in figure 3.6, in terms of performance, about 80 percent of cumulative international waters projects have received a satisfactory rating for project execution and slightly fewer for implementation. M&E design and implementation were rated around 60 percent, which reflects the greater challenge of working across multiple countries of the mostly regional international waters portfolio. Regarding outcomes, in regional terms Asia and Europe and Central Asia had markedly fewer satisfactory ratings (around 60 percent) than all other cohorts, which consistently scored near 80 percent. Sustainability was relatively consistent across regions, at between 60 and 70 percent, with the exception of Africa, where only 33 percent of projects received a satisfactory rating.

Figure 3.6 International waters project performance ratings (% of projects)



Source: GEF IEO Terminal Evaluation Review Database.

Note: ■ Unsatisfactory/unlikely; ■ Satisfactory/likely; ECA = Europe and Central Asia; LAC = Latin America and the Caribbean.

Multifocal area projects had a 10 percent higher proportion of satisfactory ratings for outcomes and 5 percent higher for sustainability than international waters–only projects.

With regard to the GEF-7 portfolio, the GEF Scorecard 2021 reports significant progress on the basis of estimates (GEF Secretariat 2021a). The target of 8 million hectares for marine protected areas created or under improved management for conservation and sustainable use is expected to have been already reached. The same is true for the target of 28 million hectares (excluding protected areas) for the area of marine habitat under improved practices to benefit biodiversity.[6] For the number of shared water ecosystems (fresh or marine) under new or improved cooperative management, the target of 32 is also expected to have been reached. Finally, with regard to the globally overexploited marine fisheries being moved to more sustainable levels (target 3.5 million metric tons), an expected achievement to date of 66.2 percent is reported.

Since there are no projects from GEF-6 or GEF-7 with terminal evaluations, these data from GEF-5 projects are the most recent verified results. Data on the number of transboundary and large marine ecosystems benefiting from multistate cooperation are shown in table 3.3. For both types of systems, 15 completed projects that measured outcomes against their original targets have met these targets. However, other terminal evaluations did not report against targets, leaving a gap in information that makes it difficult to report on overall results to date—or to assess the possibility of meeting either the overall GEF-5 target or the project-specific targets.

The fisheries portfolio has become the largest within the overall international waters focal area; performance information on this is provided in box 3.5. Performance of the freshwater portfolio is similarly addressed in box 3.6.

Table 3.3 Environmental results reported in terminal evaluations of GEF-5 international waters projects

GEF-5 environmental targets and results in international waters	GEF-5 target	Aggregate target in project proposals	Completed projects			
			Provided ex ante target	Provided data at completion	Aggregate target	Achieved at project completion
Multistate cooperation for transboundary water systems	6–7 systems	10 systems	5	3	3 systems	3 systems
Multistate cooperation for large marine ecosystems	5–6 LMEs	11 LMEs	6	4	4 LMEs	4 LMEs

Box 3.5 Special theme: Fisheries

Cumulative GEF investments in fisheries have reached $693.5 million, with a promised cofinancing of $4.4 billion. The fisheries portfolio is dominated by investments in large marine ecosystems (59 percent), followed by fisheries projects and programs in the Area Beyond National Jurisdiction portfolio (12 percent). Investment in freshwater fisheries is the lowest (3 percent), with $21.2 million for three projects. GEF investments in freshwater lakes and rivers such as Lake Victoria and the Danube River have included actions on improving freshwater fisheries management and conservation of aquatic biodiversity. Most fisheries projects (73 percent) are implemented by the World Bank, UNDP, and FAO.

GEF approaches to fisheries seek to regulate how fishing is done and not merely to limit the volume of various species that can be caught. In recent replenishment periods, particular attention has been given to marine spatial planning and to improving monitoring and surveillance practices. An emerging emphasis in collaboration with the private sector is the promotion of sustainable value chains for marine commodities.

According to available terminal evaluations, the main achievements of the GEF international waters fisheries portfolio are as follows:

- It is responding effectively to the challenge of over-exploitation of marine fishery resources.
- It is aligned with global and regional agreements as well as national priorities.
- Sustainable financing arrangements have been explored with some success.
- It has led to stress reduction on fishery resources and improved management of marine habitats.
- It contributes to the achievement of increased income, food security, and gender quality.

As a specific example of international waters achievements, in the Pacific SIDS, GEF investment has helped 12 countries restructure their national legislation to include obligations associated with becoming party to the Western and Central Pacific Fisheries Convention, which is the first major new international fisheries management arrangement established under the United Nations Fish Stocks Agreement. GEF investment is also providing continuous support to 14 Pacific SIDS to address their delays in implementing regional and subregional actions under the Nauru Agreement, so that the countries can apply ecosystem-based management measures in accordance with their revised national laws and fisheries policies.

Box 3.6 Special theme: Freshwater activities

GEF investments in freshwater projects and programs have reached $968.9 million, with intended cofinancing of $6.6 billion. From GEF-3 to GEF-4, freshwater projects accounted for 36 percent of total allocations. The share decreased to 33 percent in GEF-5 and to 26 percent in GEF-6, but had climbed back to 36 percent in the GEF-7 portfolio as of December 31, 2020. The share continues to increase as more freshwater projects are approved in GEF-7.

Freshwater investments cover five main types of waterbody, with most of the funding (63 percent) for river basins, followed by lake basins (18 percent), aquifers (7 percent), wetlands (1 percent) and glaciers (1 percent). The portfolio is dominated by investments in global and regional projects, which together account for 82 percent of total funding. Of the remaining 18 percent of freshwater funding, 10 percent was allocated to countries in Europe and Central Asia. As the number of Agencies participating in the portfolio increased from six to nine, the share of the three original Agencies (the World Bank, UNDP, and UNEP) decreased from 85 percent to 53 percent.

Key evaluation findings on performance include the following:

- Freshwater projects perform similarly to the rest of the international waters portfolio in terms of outcomes and sustainability, with aquifers slightly better than other types of waterbody.
- Global environmental benefits related to improved water quality have been achieved.
- Improved management of freshwater resources and associated ecosystems not only enhances water quality and water security, but generates co-benefits in the biodiversity, land degradation, and chemicals and waste focal areas.
- GEF support has led to the achievement of increased income and women's empowerment. Ongoing freshwater interventions aim to reduce vulnerability to climate-related risks and promote social inclusion.
- The most prominent sustainability dimension for freshwater projects is that of transboundary coordination/cooperation mechanisms and institutions.

3.4 Land degradation

STRATEGY

While focal areas remain an organizing feature of the GEF, the 2020 strategy emphasizes responding to **multilateral environmental agreements in an integrated fashion**, with a preference for multifocal area projects and programs. Within these, maximum effects are now targeted through three integrated impact programs:

- Food Systems, Land Use, and Restoration (FOLUR)
- Sustainable Cities
- Sustainable Forest Management.

Land degradation interests overlap with all three of these programs, perhaps with fewer opportunities in the area of sustainable cities.

A major influence on the land degradation strategy is its role as a financial mechanism of the United Nations Convention to Combat Desertification (UNCCD). At UNCCD COP 13, the GEF was invited to support implementation of the Sustainable Development Goals (SDGs), particularly with regard to target 15.3, which states, "By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation neutral world."

An important element of this support is technical and financial support for capacity building, reporting, and voluntary national land degradation neutrality (LDN) target setting and implementation. To this end, GEF-7 supports the following targets:

- Enhance on-the-ground implementation of sustainable land management using the LDN tool
- Create an enabling environment to support voluntary LDN target implementation (box 3.7).

To meet the requirements of this complex operating environment, the GEF-7 focal area strategy has three main goals: (1) aligning GEF support to promote UNCCD's LDN concept through an appropriate mix of investments; (2) seeking effective integration within the impact programs for generation of multiple benefits; and (3) harnessing private capital and expertise to finance investments in sustainable land management (SLM), in particular in cooperation with the LDN fund and other innovative financing mechanisms (GEF Secretariat 2018a, 47). This represents an enhanced emphasis on cooperation with the private sector, which had been introduced in the GEF-6 strategy.

Box 3.7 Special theme: Evaluation of support to the Land Degradation Neutrality Target Setting Project

The Land Degradation Neutrality Target Setting Project (LDN TSP) was delivered between 2016 and 2019. It supported 106 countries in their efforts to establish national voluntary LDN targets and the baseline data necessary for measuring progress against those targets. The project guided participants through a structured process, providing countries with financial support and technical inputs including—for most countries—a consultant to facilitate the national effort. All this was underpinned by knowledge management, including the development of detailed technical guidance and the facilitation of peer learning between participating countries. The project had an overall budget of $7.9 million, of which $2.75 million was a GEF grant, which supported delivery of the work from November 2016 to April 2019, including financial support for 76 of the 106 participating countries.

All participating countries followed a broadly similar process and sequence of activities, the main steps being the establishment of national LDN working groups, the identification of LDN trends and drivers, the definition of national LDN baselines and targets, and the securing of political commitment to achieve those targets. Following the definition and political endorsement of national LDN targets, the project also offered some countries support to identify opportunities for transformative projects and programs that could contribute toward achieving LDN.

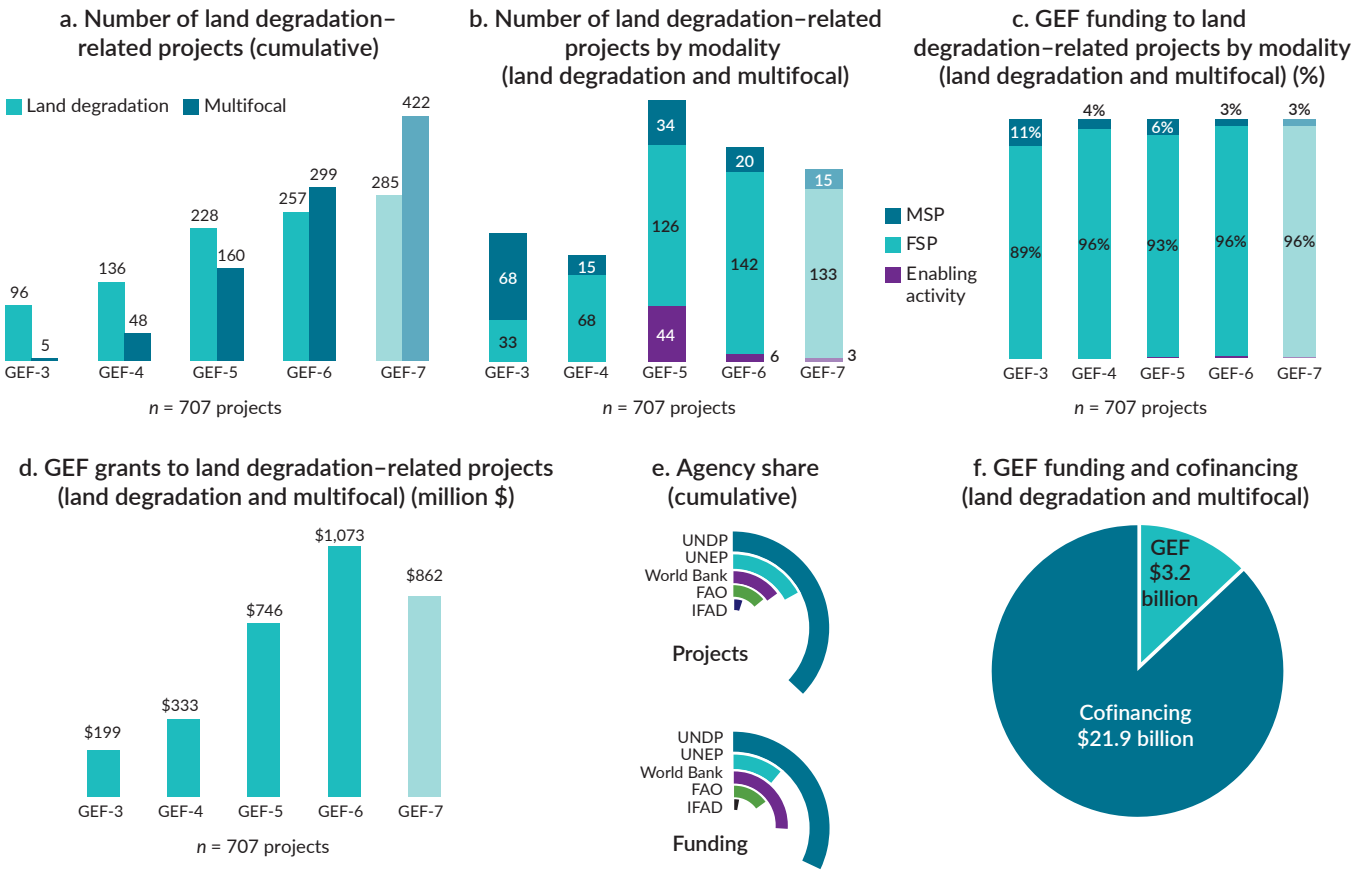
Although the project had several sources of funding, its final evaluation was conducted in accordance with GEF terminal evaluation report requirements. The TSP Project Performance ratings were relevance, highly satisfactory; effectiveness, satisfactory; efficiency, satisfactory; and sustainability, satisfactory.

The Transformative Projects and Programs project was established in 2018 to provide support to those countries that had graduated from the TSP and were in a position to develop concepts and seek investment for transformative initiatives. The project primarily addresses country-level support needs, but also aims to build understanding of LDN across the funders and implementation Agencies that will be working alongside countries and regions to develop transformative interventions. It can be seen as a sustainable outcome of the TSP, because over time it is expected to enable many countries to implement their plans originally developed with the assistance of TSP.

PORTFOLIO

GEF engagement has greatly increased over time, particularly since the accelerated participation in multifocal activities from GEF-5 onward. By GEF-6, multifocal area projects had become the prevalent form of GEF support in this focal area, a trend which is increasing. Figure 3.7 summarizes the portfolio over time. These charts show that there has been a consistent rise in overall funding for the focal area as well as a consistent move in favor of participation in multifocal area projects, which overtook the number of land degradation–only projects in GEF-6. This transition coincided with a reduction in the number of MSPs; this was largely associated with land degradation–only projects, while multifocal area projects have been almost entirely full size across all relevant phases, with a few enabling activities in the period from GEF-5 to GEF-7. It is probable that the final number of MSPs in GEF-7 will rise from the level shown in figure 3.7, because these are characteristically programmed late in replenishment periods.

Figure 3.7 Land degradation portfolio highlights



Source: GEF Portal.

Note: Data are as of June 16, 2021, and exclude the SGP global program, dropped projects, and projects canceled without any utilization. Project financing excludes Agency fee, project preparation grant (PPG) funding, and PPG Agency fee. The grant amount for programmatic approach is calculated as the sum of child projects to avoid double counting. Cofinancing amount is promised cofinancing reported at project design stage. ECA = Europe and Central Asia; LAC = Latin America and the Caribbean.

In keeping with these trends in project numbers, the GEF grant amount for land degradation–only projects has steadily declined and been overtaken by funding for participation in multifocal projects. In terms of results, given the strong interconnections among effects across different focal areas, the actual benefits to land degradation in multifocal projects are likely to be a multiple of those generated exclusively from the land degradation fund allocations. This indeed is one of the major rationales for multifocal area projects.

Enabling activities in the land degradation focal area have mainly been programmed through dedicated umbrella projects under the MSP modality for faster programming. The numbers reported peaked in GEF-5 and have been somewhat lower since. Only a few enabling activities have been reported as funded in GEF-7 thus far, as the next UNCCD reporting is not due until August 2022. Countries are only now beginning to request UNCCD enabling activity funding, the programming of which is reported by the GEF Secretariat as being on track.

The distribution among regions has not had any major shifts across the GEF replenishment periods, although there have been limited fluctuations. Cumulatively, the Africa region has received the largest share of funds, at 36 percent of total. The Latin America and the Caribbean region has received 22 percent and Asia 20 percent, while smaller shares have gone to overall regional support, Europe and Central Asia, and global activities. Box 3.8 presents an integrated ecosystem management approach in the Sahel-Saharan region.

With regard to Agency participation, the three original Agencies have received support for 59 percent of the overall number of projects and 69 percent of funding. UNDP is the Agency with the greatest number of projects and the largest share of funding. Although the World Bank has fewer projects than UNEP, its proportion of funding is greater, indicating a preference for larger projects. Of the newer partner Agencies, FAO has already reached 14 percent of projects and has

Box 3.8 Special theme: The Great Green Wall

The GEF has been one of the first and largest investors in the Great Green Wall and was the first to initiate and promote a programmatic approach in the participating area. The Great Green Wall is a pan-African initiative to restore and sustainably manage land in the Sahel-Saharan region to address both land degradation and poverty. In recent years, its vision has evolved into an integrated ecosystem management approach, including sustainable dryland management and restoration, the regeneration of natural vegetation, and water retention and conservation measures. The initiative involves a range of stakeholders, including national governments, international organizations, the private sector, and civil society, which all work together under pan-African coordination to help halt land degradation. By 2030, the Great Green Wall aims to restore 100 million hectares of currently degraded land, sequester 250 million tons of carbon in the soil, and create 10 million green jobs in rural areas. In addition to land degradation, its objectives include both climate change mitigation and adaptation. Accordingly, GEF support has come not only from the land degradation focal area, but also from the LDCF. Areas of GEF engagement have included the following:

- The Sahel and West Africa Program 2013–19
- Large-scale assessment of land degradation to guide future investment in SLM in the Great Green Wall countries (GEF Trust Fund, NASA/USAID) 2019–24
- The integrated approach pilot on food security (GEF, IFAD) 2017–22
- Closing gaps in the Great Green Wall: linking sectors and stakeholders for increased synergy and scaling-up (2016–19).

received more funding support than UNEP. IFAD is also entering the arena as a sizable partner.

Overall GEF land degradation funding for 707 projects (excluding Agency fees) is recorded at $3.2 billion from GEF-3 to GEF-7. In addition to this amount, an estimated total of $21.9 billion in cofinancing is projected on the basis of the original project documents. This gives an estimated total of $25.2 billion in this focal area since 2003, with an intended cofinancing ratio of 1:7.875.

Under GEF-7, the total amount pledged by donors is $4.1 billion. The land degradation notional allocation for GEF-7 is $475 million, an increase of 10 percent compared to GEF-6 ($431 million). The STAR allocation to countries has increased slightly from $346 million to $354 million. In GEF-7, all countries have a minimum floor of $1 million for land degradation STAR-funded activities and LDCs have an increased floor of $1.5 million.

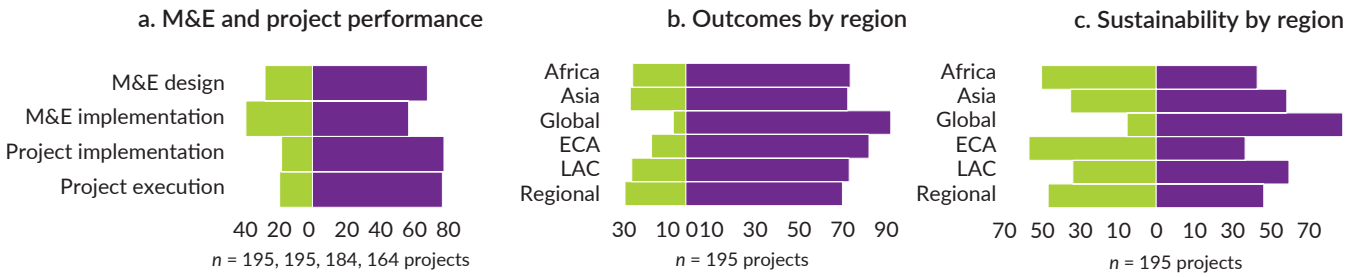
PERFORMANCE AND RESULTS[7]

Programming of the allocation for GEF-7 of $475 million commenced rapidly, with an intended cofinancing ratio of 1:7.7. In the first year, $176.4 million was programmed, representing 37.1 percent of the total allocation (GEF 2019c). Most of this funding was invested in multifocal area projects and programs, accessing an additional $392.4 million from other GEF focal areas and impact programs. Funding continued to be allocated expeditiously and in the June 2021 work program, land degradation requested $19.8 million plus Agency fees of $1.9 million, which was 7.7 percent of the total requested GEF Trust Fund amount that year. This means that it has requested 88.1 percent of its target allocation, giving it the highest percentage allocation of all focal areas. All of its fund requests are for eight multifocal area projects.

Figure 3.8 presents terminal evaluation ratings for projects included in the IEO's 2021 Annual Performance Report. For all regions, at least 70 percent of projects had a satisfactory outcome rating, with global projects and Europe and Central Asia as the highest performers (both around 90 percent). All other regions and interregional projects all scored rather less (around 70 percent). Sustainability ratings were lower, with global projects scoring over 80 percent likely, followed by Latin America and the Caribbean and Asia, which both achieved just over 60 percent.

A 2017 IEO report identified M&E systems as a weak area of achievement for the portfolio. In the most recent Management Action Record (May 2021), GEF

Figure 3.8 Land degradation project performance ratings (% of projects)



Source: GEF IEO Terminal Evaluation Review Database.

Note: ■ Unsatisfactory/unlikely; ■ Satisfactory/likely; ECA = Europe and Central Asia; LAC = Latin America and the Caribbean.

management reported "substantial" improvement in this area; the GEF IEO rated that requirements had been addressed at a "medium" level, noting, "The IEO acknowledges the improvement in M&E in the GEF-7 result architecture, but the core indicators and their sub-indicators seem inadequate to capture multiple dimensions of land degradation issues."

In keeping with this evidence, the overall key project ratings show strong performance on project implementation and almost as strong performance on project execution and M&E design; M&E implementation continues to fall somewhat behind these other areas.

Looking at actual results, as with other focal areas, the most up-to-date results are derived from GEF-5 terminal evaluations, because projects from later periods are either not completed or not evaluated. Data from 47 projects are provided in table 3.4. With regard to agricultural/rangeland systems under sustainable land management, major differences appear between intentions and delivery. The GEF-5 target of 100 million hectares was apparently not operationalized effectively, since the total targeted area in project proposals was only 7.59 million hectares. Out of 17 projects evaluated, which had set a specific target, 13 reported against this. Their aggregate target of 3.35 million hectares was only half achieved, representing less than 2 percent of the focal area target. Clearly, this GEF-5 target is highly unlikely to be realized, even allowing for terminal evaluations, which will come in at a later stage.

Looking at landscapes to be brought under sustainable forest management, the overall GEF-5 target is relatively modest at 0.2 million hectares. The six projects with reported results have reached 60 percent of this. In addition, two projects that did not report actual results in their terminal evaluations are likely to have contributed further landscapes under management. The main disconnect in this area is with the targets set in project documents, which amount to five times the overall focal area target. The total delivered shown in reports to date is only just above 10 percent of this cumulative project target. Since the overall focal area target is shown to be conceivably deliverable in future, this suggests that project targets were often unrealistic.

For wider landscapes under sustainable management, a GEF-5 target of 175 million hectares was set. Contrary to the situation reported in several other areas, the cumulative total of targets set by projects in this cohort was less than half that of the official target. While this suggests some effort to set more realistic goals, even this reduced coverage set by accumulated project documents is more than 25 times the reported achievement of projects evaluated to date. The recorded results have been reduced by the absence of actual data from nearly half of the terminal evaluations. Even so, extrapolating the level of results recorded to all completed projects would only bring the total up to about 4 percent of cumulative project targets and less than 2 percent of the focal area target.

This situation suggests serious challenges with M&E in GEF-5. At that time, land degradation focal area indicators were not clearly defined, and the multi-indicator tracking tools in use mixed direct and indirect targets. Although some weaknesses in recording and tracking results appear to remain, considerable improvements have been made during GEF-6 and GEF-7, building on the development of M&E guidelines with clearly defined indicators. Overall, more than 70 percent of focal area projects have had satisfactory outcome ratings; and the 2017 IEO land degradation evaluation, as well as the IEO's value for money study, indicate significant field-level results from land degradation–related projects.

Table 3.4 Environmental results reported in terminal evaluations of GEF-5 land degradation projects

GEF-5 environmental targets and results in land degradation	GEF-5 target (mil. ha)	Aggregate target in project proposals (mil. ha)	Completed projects			
			Provided ex ante target	Provided data at completion	Aggregate target (mil. ha)	Achieved at completion (mil. ha)
Agricultural/rangeland systems under sustainable land management	100	7.59	17	13	3.35	1.61
Forest landscapes under sustainable forest management	0.20	1.07	8	6	0.21	0.12
Wider landscapes under sustainable management	175	78.16	22	13	3.25	2.94

3.5 Chemicals and waste

STRATEGY

The chemicals and waste focal area emerged from previous programming strategies that organized their objectives around chemical groups corresponding to specific international conventions to which the GEF responds. In GEF-3, this focal area had one set of objectives relating to the Stockholm Convention and focused on persistent organic pollutants (POPs). In GEF-4, other areas were added—notably ozone-depleting substances in accordance with the Montreal Protocol, and activities related to a cross-cutting strategic objective with some chemical elements addressed through the international waters focal area. In GEF-5, these various elements were regrouped under a single chemicals strategy portfolio. Later, with the formation of the Minamata Convention during GEF-6, mercury reduction was added to this strategy with its own objectives.

During GEF-6, the program had one broad strategic objective that was not specific to any convention's set of target chemicals, but instead focused on promoting enabling conditions for the sound management of harmful chemicals and waste in general. A second objective continued to identify programs targeting chemical groups addressed by various conventions, with the addition of a program specific to LDCs and small island developing states (SIDS). GEF-7 continued the trajectory away from chemical-specific programming by organizing its objectives by sector—one objective relates to industrial chemicals, another to agricultural chemicals, and two are specific to enabling activities and LDCs and SIDS.

In its programming, the chemicals and waste focal area has responded well to the needs of the major international chemicals conventions. The Stockholm Convention COP 4 had requested identification of additional sources of POPs activity financing; the GEF responded to this by including programming that targets private sector investment and engagement in chemicals and waste management. Similarly, COP 8 requested attention to the deployment of alternatives to POPs, and GEF-7 responded by supporting sustainable chemistry and eco-design strategies. Another COP 8 priority was to encourage strengthening of national regulations for POPs controls; this is included in GEF-7 as part of its objective on chemicals management in the industrial sector. Support for the Minamata Convention has also been strong, with all eligible Minamata enabling activities being funded for GEF-6 and GEF-7 and strong funding provided for programs such as Global Opportunities for Long-term

Development of Artisanal and Small-Scale Gold Mining (ASGM) (GOLD+) and Implementing Sustainable Low and Non-Chemical Development in SIDS (ISLANDS). GEF interventions in this focal area have also had positive effects on human health (box 3.9).

PORTFOLIO

The chemicals and waste focal area has evolved significantly since the GEF pilot phase, as detailed above. It is therefore difficult to present a coherent and accurate overview, as portfolios that were previously separate must be aggregated to show how the overall range of activities has developed. Figure 3.9 attempts this, amalgamating all activities in the focal area in a single time series.

Overall, more than 600 projects addressing chemicals and waste issues have been implemented (or are under implementation), with a significant increase by replenishment period up to GEF-5, after which the number has stabilized. Until GEF-4, projects were focused specifically on chemicals and waste, while this period marks the first participation in multifocal area projects, which grew thereafter. Throughout the development of single-focus projects, there have been a significant number of enabling activities; these are not present in multifocal area projects. MSPs have been a minority element in single-focus projects and have also emerged in GEF-7 within multifocal area projects.

The amount of GEF grants to all chemicals and waste projects has risen steadily from GEF-2 onward, topping

Box 3.9 Special theme: Human health co-benefits in the chemicals and waste focal area

The chemicals and waste focal area exhibits especially strong links with human health. Almost all the major chemical groups the GEF aims to help manage and reduce are linked to human illnesses and diseases. However, to date assessment of the chemicals and waste–based global environmental benefits has focused on measuring the amount of a chemical that has been reduced or is now under sound management practices, rather than on health itself.

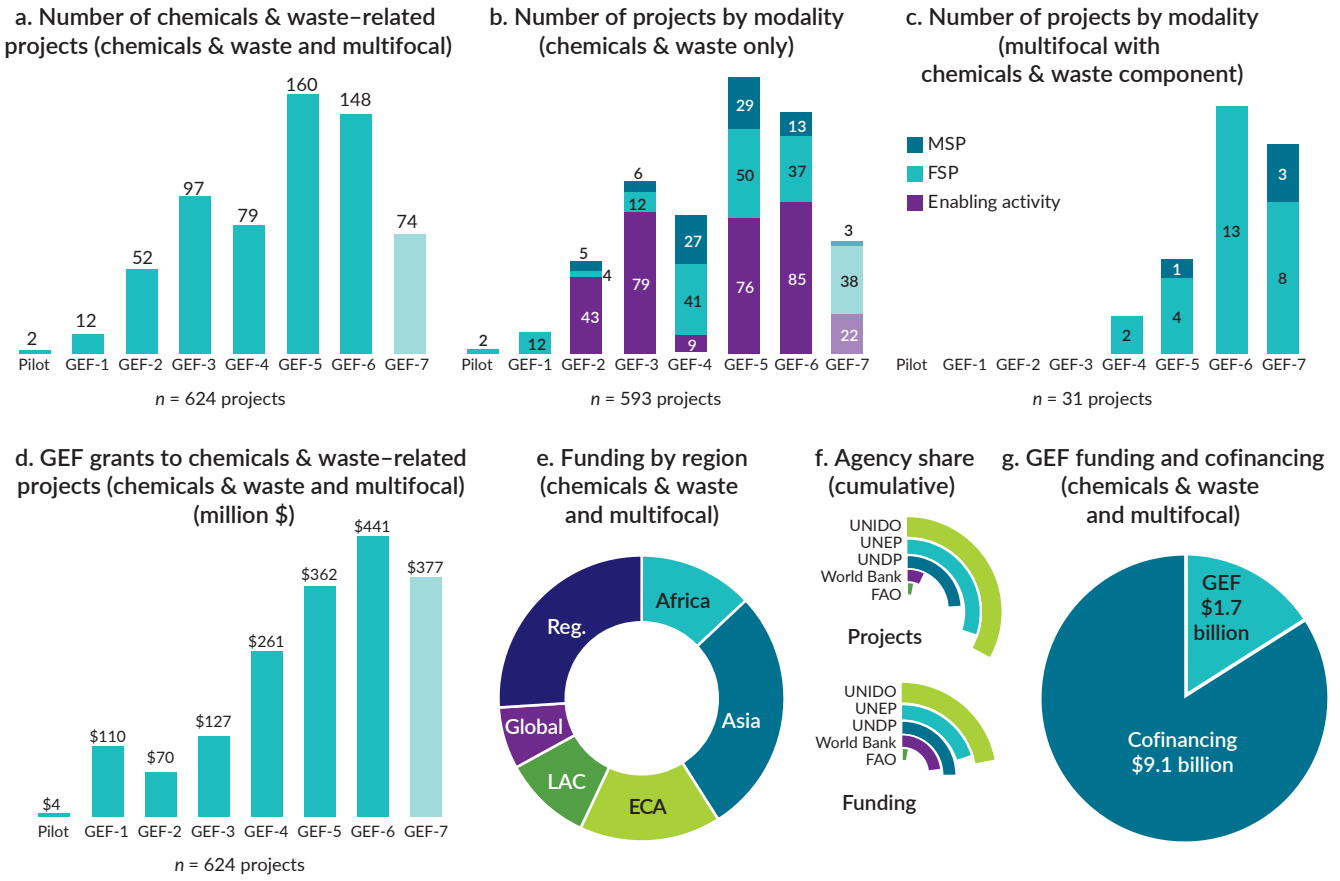
A study conducted by the GEF IEO of 11 chemicals and waste projects showed that they reported having contributed to a broad range of human health benefits, although accurate monitoring of these was difficult. Examples of health co-benefits in chemicals and waste projects included the following:

- Reduced exposure to DDT through phaseout of the last known DDT producer in the world
- Reduced concentrations of mercury in human blood in beneficiary communities involved in artisanal and small-scale gold mining
- Reduced exposure to burned health care waste.

The study concluded that an increased focus on monitoring human health co-benefits could help GEF more completely understand the impacts of its chemicals and waste interventions. This could be achieved through the following:

- Partnerships with the health community to encourage long-term monitoring without significantly increasing the amount of GEF resources invested
- Adopting a community health approach in which awareness raising and targeting of the most vulnerable communities promotes better environmental justice outcomes
- Using a systems approach to encourage multifocal area projects to target co-benefits
- Improving human health monitoring capacity within GEF Agencies or accessing this through partnerships with other UN agencies.

Figure 3.9 Chemicals and waste portfolio highlights



Source: GEF Portal.

Note: Data are as of June 16, 2021, and exclude the SGP global program, dropped projects, and projects canceled without any utilization. Project financing excludes Agency fee, project preparation grant (PPG) funding, and PPG Agency fee. The grant amount for programmatic approach is calculated as the sum of child projects to avoid double counting. Cofinancing amount is promised cofinancing reported at project design stage. ECA = Europe and Central Asia; LAC = Latin America and the Caribbean.

$400 million in GEF-6. Asia has been the region receiving the most funding, with almost double the amount allocated to Europe and Central Asia, which is the next highest. Regional projects have received a similar amount to Asia. Among GEF Agencies, UNIDO has implemented more projects than others, although UNDP has received more financing, indicating somewhat larger projects. The World Bank has implemented only 7 percent of projects but has used 23 percent of financing, indicating that its projects are considerably larger than those of all other Agencies. UNEP has also implemented 30 percent of projects, using 20 percent of overall funds. Overall GEF grants have topped $1.7 billion and have generated an anticipated $9.1 billion in cofinancing.

In GEF-7 chemicals and waste programs have continued the move away from a chemical-specific approach to one focused on sectors. The largest chemicals and waste investment in GEF-7 is the ISLANDS program (GEF ID 10185), an $80 million GEF Trust Fund program active in 33 island

nations that aims to reduce and sustainably manage chemicals and waste in major industries as tourism, agriculture, and health care. ISLANDS helped substantially increase funding on LDC/SIDS objectives from $12 million in GEF-6 to over $73 million thus far in GEF-7. Another major program, GOLD+ (GEF ID 10569), is a $44 million continuation of the GEF-6 GOLD program. It focuses both on a sector and a specific chemical (mercury reduction) (box 3.10). Two other regional projects in Asia/Pacific and southern Africa (GEF IDs 10523 and 10543) address several chemical groups in the textiles industry, while a global project addresses chemicals in the health care industry (GEF ID 10716).

Inclusion of chemicals and waste objectives in the integrated and impact programs has not been high in GEF-6 and GEF-7. Only one of the 43 impact program child projects submitted to date includes a target for a chemicals and waste focal area indicator. This is despite several mentions in the respective program design documents to consider the objectives of the focal area in the Sustainable Cities IAP and Impact Program and the FOLUR Impact Program. Chemicals and waste funding accounts for only 3 percent of the Sustainable Cities IAP budget. The FOLUR Impact Program especially had planned to address agrochemicals such as pesticides, but this has not been acted upon in the vast majority of child projects to date.

Box 3.10 Special theme: Mercury in the artisanal and small-scale gold mining sector

ASGM is an economically important source of livelihood across a broad range of countries that contributes to a range of negative environmental effects. The ASGM sector employs 10–15 million miners across 70 countries, many of whom live in areas of rural poverty where there are few other livelihood opportunities. Although it has positive livelihood effects, ASGM is also associated with many environmental and socioeconomic issues. It has been identified as the largest source of anthropogenic mercury emissions, as well as causing deforestation and land degradation in some areas, contaminating water bodies and in some cases using child labor and hazardous labor conditions.

As of mid-2020, GEF had invested at least $133 million in the ASGM sector, the majority of which (about $110 million) came in GEF-6 including through the Global Opportunities for Long-term Development of Artisanal and Small-scale Gold Mining (GOLD) program, which serves eight countries. Eighty-three percent of ASGM funding has come through the chemicals and waste focal area, with UNDP and UNEP implementing 75 percent of projects and a geographical spread across Africa (34 percent of projects), Latin America (32 percent) and Asia (20 percent). Recently, the GEF has financed Minamata Convention enabling activities to elaborate Minamata Initial Assessments and ASGM national action plans, which help countries plan for reducing mercury use in the sector. Seventy-four percent of GEF ASGM projects have come through the enabling activity modality.

Postcompletion analysis shows that early GEF ASGM interventions had some success reducing mercury use in project areas and catalyzed miner formalization after implementation. Sustained reductions were achieved in areas with strong government enforcement of mercury restrictions and larger gold processing facilities that had the capacity to invest in alternatives to mercury. However, the most common replacement for mercury was a process using cyanide, which is also a contaminant if not disposed of properly. Projects did not achieve significant miner formalization during implementation, but their efforts to build capacity and raise awareness led to increased formalization after project completion in Peru and the Philippines.

PERFORMANCE AND RESULTS[8]

An overview of key performance characteristics is shown in figure 3.10. In terms of focal area overall performance, project execution has achieved the highest proportion (nearly 90 percent) of satisfactory ratings, followed closely by implementation. M&E design and implementation are both lower, at around 70 percent of projects with satisfactory ratings. Outcome delivery slowly moved from about 80 percent satisfactory to nearly 90 percent by GEF-5. Asia and the Latin America and the Caribbean regions have performed at the highest level for outcomes, as have regional projects. The same two regions also show best performance in terms of sustainability, at around 80 percent. Just over 60 percent of global project results are rated as likely to be sustained.

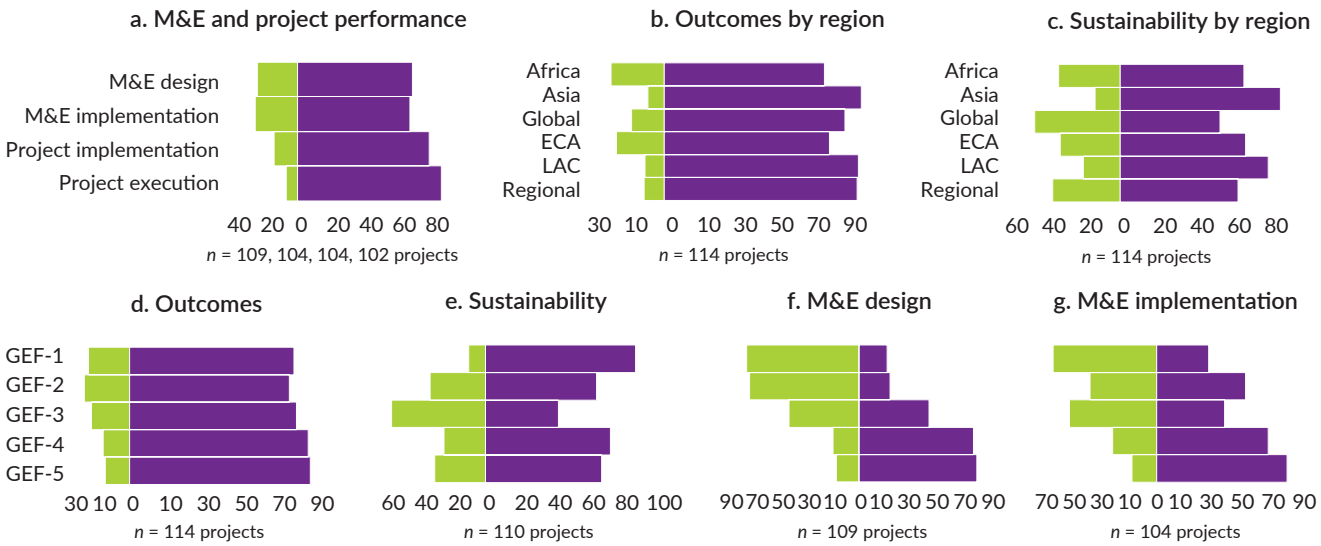
In terms of GEF replenishment periods, the proportion of satisfactory outcomes rose steadily from GEF-1 up to GEF-5.[9] Sustainability has been far less predictable, with a decline between GEF-1 and GEF-3, followed by improvements in GEF-4 and GEF-5, reaching up to 70 percent of project ratings. M&E design showed consistent improvement from GEF-1 to GEF-5, starting from a low proportion of only 20 percent satisfactory to 84 percent in GEF-5. M&E implementation also shows steady improvement, from 33 percent of projects rated as satisfactory in GEF-1 to 84 percent in GEF-5.

No major differences appear in the data between FSPs and MSPs or between single-focus versus multifocal area projects.

The most recent confirmed results are those available in the GEF IEO database of terminal evaluation results as of mid-2021. Projects from GEF-6 and GEF-7 have not yet reached this stage, but many GEF-5 projects have; data on their results are shown in table 3.5.

No results have yet been reported on environmentally safe disposal of obsolete pesticides, suggesting that it will be difficult to reach the overall GEF-5 target in this area. Progress against the target for disposal/

Figure 3.10 Chemicals and waste project performance ratings (% of projects)



Source: GEF IEO Terminal Evaluation Review Database.

Note: ■ Unsatisfactory/unlikely; ■ Satisfactory/likely; ECA = Europe and Central Asia; LAC = Latin America and the Caribbean.

Table 3.5 Environmental results reported in terminal evaluations of GEF-5 chemicals and waste projects

GEF-5 environmental targets and results in chemicals and waste	GEF-5 target (tons)	Aggregate target in project proposals (tons)	Completed projects			
			Provided ex ante target	Provided data at completion	Aggregate target (tons)	Achieved at project completion (tons)
Environmentally safe disposal of obsolete pesticides including POPs	10,000	11,146	0	—	—	—
Disposal/decontamination of PCBs and related wastes	23,000	38,860	3	3	1,357	1,516

Note: — = not available.

decontamination of PCBs and related wastes has been strong in those projects reporting on this to date, with intended amounts exceeded. However, the overall amount achieved so far is well short of the GEF-5 target.

NOTES

1. Whereas some GEF biodiversity investments have a one-to-one relationship to Aichi Biodiversity Targets, such as Target 11 on protected areas, others contribute to multiple Aichi targets making the reporting of resource allocation per target challenging
2. Information on focal area impacts is provided in GEF IEO (2021d).
3. These charts cover the portfolio funded by the GEF Trust Fund. Adaptation activities through the LDCF and the SCCF are discussed above and in box 3.3.
4. Information on focal area impacts is provided in GEF IEO (2021d).
5. Information on focal area impacts is provided in GEF IEO (2021d).
6. A biodiversity focal area target toward which international waters investments contribute.
7. Information on focal area impacts is provided in GEF IEO (2021d).
8. Information on focal area impacts is provided in GEF IEO (2021d).
9. No results from terminal evaluations of projects later than GEF-5 are available yet.

CHAPTER 4

PERFORMANCE IN SPECIFIC COUNTRY CONTEXTS

The primary objective of the GEF is to support countries in meeting their obligations under five environmental conventions: the Convention on Biological Diversity (CBD), the United Nations Framework Convention on Climate Change (UNFCCC), the Stockholm Convention on Persistent Organic Pollutants (POPs), the United Nations Convention to Combat Desertification (UNCCD), and the Minamata Convention on Mercury. The GEF also supports efforts across multiple interlinked global environment domains that are closely aligned with the Sustainable Development Goals (SDGs) on climate, oceans, and marine resources, as well as terrestrial ecosystems, forests, biodiversity, and land degradation. In addition, the GEF generates a range of socioeconomic impacts: income generation, inclusion, gender equality.

Unlike some of its partner Agencies such as the multilateral development banks and some United Nations entities, the GEF does not operate by establishing country programs that specify expected country-level achievements through programmatic objectives, indicators, and targets. Instead, GEF reporting mechanisms represent global objectives to deliver global environmental benefits as they relate to international conventions and commitments. The absence of a country-level strategic plan or priorities requires that country-level evaluations either report within the confines of existing frameworks, such as GEF focal areas, or through country clusters in which several countries that share similar environmental and economic concerns are evaluated together to present aggregated achievements. Five strategic country clusters were evaluated

in GEF-7: least developed countries (GEF IEO 2020g), small island developing states (GEF IEO 2019b), countries in the Sahel and Sudan-Guinea Savanna African biomes (GEF IEO 2020f), countries with fragile and conflict-affected situations (GEF IEO 2020c), and five GEF recipient countries with the largest portfolios, which happen to have middle-income status.[1] These cluster evaluations provide the basis for the evidence on GEF performance presented in this chapter.

The process of GEF assistance to countries begins with giving countries guidance on how to access GEF resources and on project planning. The Country Support Program (CSP) is a key mechanism to coordinate and align GEF resources with national priorities and to facilitate the development of the GEF country portfolios, engaging focal points and other GEF stakeholders. This chapter starts with a discussion on the effectiveness of this program in the GEF engagement with countries, drawing on evidence from the evaluation of the CSP. This is followed by a discussion of the main areas of GEF support in countries. Finally, the relevance, performance, and sustainability of GEF interventions in the four special contexts is presented, with more details on the factors influencing sustainability.

4.1 The Country Support Program

The CSP is a GEF-funded corporate program with the objective of providing recipient countries with assistance and capacity building to understand how to access and use resources available through the GEF, including support for programming. The primary goals of the CSP are (1) to provide flexible support to countries, particularly their focal points, to build capacity to work with the GEF Agencies and Secretariat to set priorities and program GEF resources, and (2) to enhance inclusive dialogue and improve coordination between ministries and stakeholders at the national level, and to facilitate input from key nongovernmental stakeholders. The CSP is funded completely from a special allocation in the GEF Secretariat budget decided by the GEF Council.

The core activities include introduction seminars, national dialogues, expanded constituency workshops (ECWs) and thematic workshops, constituency meetings, and pre-Council meetings of recipient Council members.

PORTFOLIO OF ACTIVITIES

Since 2011, the CSP has organized 320 events with 15,585 participants. Because of the COVID-19 pandemic, in 2020 the decision was made to move all events online and the Stakeholder Empowerment Series (SES) was launched in the fall with seven webinars. The total budget allocated to the CSP for these activities during GEF-5, GEF-6, and GEF-7 amounts to $70 million. Activities include:

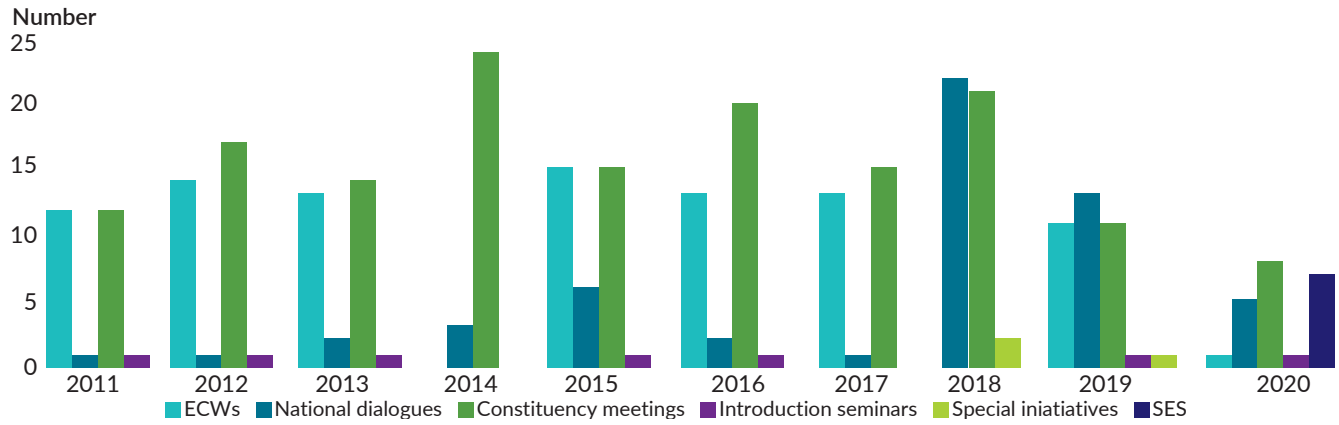
- Ninety ECWs have been held with a total of 7,817 participants and an average of 87 participants (figure 4.1).
- Fifty-six national dialogues have been held since 2011 with 4,583 participants, making them the second most widely attended CSP events after ECWs; 51 countries, representing about a third (31 percent) of all GEF recipient countries, benefited from the national dialogues.
- Seven Introduction Seminars have been held since 2011, with a cumulative number of 560 participants, which averages at about 80 per seminar.
- Since 2011, 156 constituency meetings have taken place, by far the largest share of CSP events held overall; an average of 16 meetings per year were held, with average attendance of about 12–16 people.
- Seventy-five voluntary national portfolio formulation exercises (NPFEs) were held since 2011, 42 in the GEF-5 cycle and 33 in the GEF-6 cycle.[2] In GEF-5, 45 percent of the countries that undertook

an NPFE were least developed countries (LDCs), and 21 percent were small island developing states (SIDS). In GEF-6, 50 percent of the countries were LDCs and only two countries (7 percent) were SIDS.

The total number of events has steadily increased since 2011; constituency meetings are rather stable every year, except for slight increases in numbers during replenishment years, as can be expected (figure 4.1).

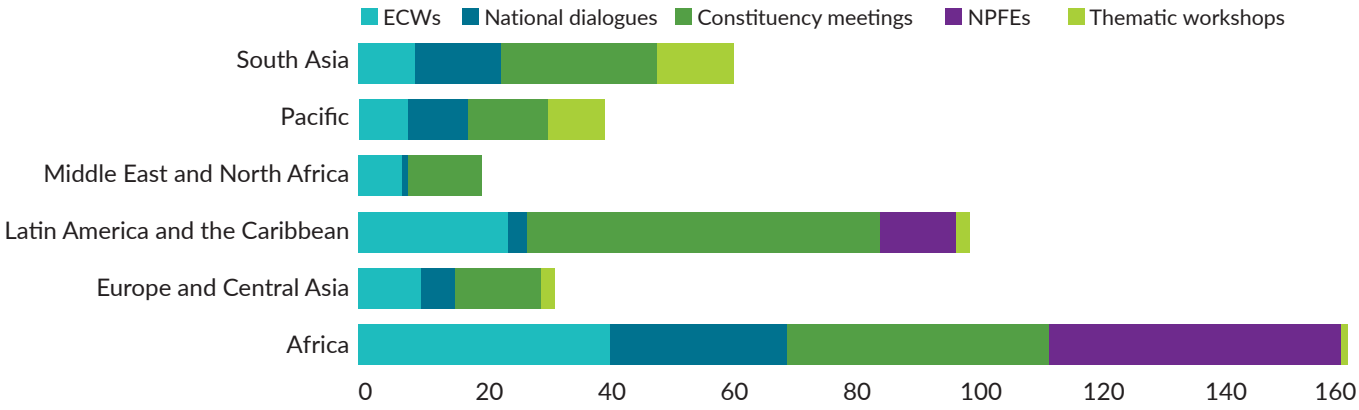
From a regional perspective, most CSP events have taken place in the Africa region; 39 percent (126 events) in all during the three GEF cycles with a roughly similar distribution among primary CSP event types (ECWs, national dialogues, constituency meetings, and NPFEs). This was followed by the Latin America and the Caribbean region with 67 events. In contrast, the Middle East and North Africa region had the lowest number (4 percent) of events, and the Asia Pacific region accounted for 9 percent (figure 4.2). The number of events hosted by each region is about the same for each GEF cycle except for the Middle East and North Africa and South Asia, which both seemingly hosted more events during GEF-6 compared with GEF-5 and GEF-7. The greater concentration of CSP events in Africa is explained by

Figure 4.1 Number of CSP events, by year and event type



Source: Data provided by CSP.

Figure 4.2 Number of CSP events, by region and type, 2013–20



Source: Data provided by CSP.

Note: Introduction seminars and SES are not included because the audience is usually from different regions.

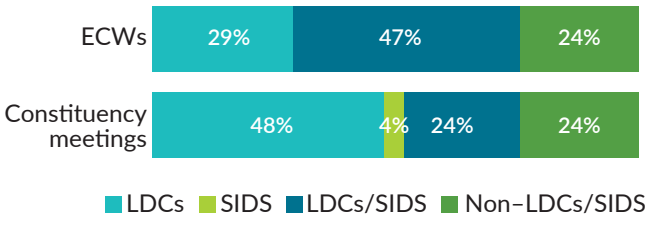
the fact that this is the region with the greatest number of recipient countries and constituencies.

There is a clear increase in LDCs hosting national dialogues and taking greater part in CSP events. More than half of the national dialogues were requested by SIDS (17) and LDCs (58). A random sampling of 17 ECWs showed that most ECWs had participants from LDCs. The same trend holds true for constituency meetings, where about 72 percent of events have participants from LDCs, 24 percent of these being from SIDS/LDCs (figure 4.3).

CSP PROGRAM PERFORMANCE

The CSP plays a key role in communicating the changing requirements of the GEF and its policies and in facilitating dialogue between increasingly diverse stakeholders. Changes in GEF policies and the evolving GEF strategic directions have been consistently integrated into the overall focus and design of the CSP, in event design, and in the subject matter of CSP activities so that they remain relevant to its stakeholders. Global environmental concerns and Council priorities have also been consistently taken into consideration. In particular, ECWs have been key in this CSP role as a knowledge facilitator. The information and resources provided by the CSP through its different events are reported as satisfactory or highly satisfactory by participants. Other CSP events such as the constituency meetings and national dialogues have been identified as important platforms for the exchange of lessons learned and engagement between stakeholders.

Figure 4.3 Percentage of participants attending CSP events by country classification, 2013–20



Source: Random sample of 17 ECWs and constituency meetings from data provided by CSP.

The CSP indirectly contributes to assisting countries with gaining greater access to GEF resources as one input into the development of GEF country portfolios. The CSP is a key mechanism for coordinating and aligning GEF resources with national priorities and for facilitating the development of the GEF country portfolios, because it helps set up the enabling conditions and develop basic capacities for the engagement of focal point offices and other GEF stakeholders. More than 75 percent of stakeholders responded that the CSP helped with formulating and implementing national priorities. The information shared and the capacities built through the CSP allow countries to better understand the GEF and its process, to keep abreast of evolving GEF policies and priorities, and to ensure institutional memory. Countries with lower institutional capacity look toward the CSP more for assistance with project development and accessing GEF resources, while countries with higher institutional capacities see the CSP as a channel to access information on GEF policies and priorities.

The CSP has contributed to increasing the number of countries that apply for GEF funding in a strategic and coordinated manner. National dialogues and NPFEs have helped countries to be more systematic in their planning on GEF resources and advanced country policy planning. NPFEs in several countries also helped establish National Steering Committees, which remain active in the overall planning of GEF resources. In some countries, CSP events have played a direct role in preparation of projects approved for GEF funding. Overall, it is found that high-capacity countries value the CSP for better linking predefined national priorities to GEF priorities. Less developed countries, on the other hand, confirm that CSP events have helped bring people together to shape national priorities.

Inclusiveness and diversity of participants in CSP events have increased over time, but vary greatly between countries, constituencies, and events; however, inclusiveness does not extend beyond CSP events. CSP events have facilitated stakeholder inclusion by creating a safe space where different actors can share their perspectives and experiences. In some cases, this inclusive dialogue has positively influenced the project pipeline and helped strengthen partnerships. The CSP has progressively financed the participation of a greater number of stakeholders, focusing in particular on the inclusion of civil society organizations (CSOs). Participation in CSP activities does not translate into further dialogue between CSOs and GEF focal points, nor in the inclusion of CSOs in activities on the ground after CSP events. Interviews indicate that once CSP events are over, CSOs often return to their duties without experiencing any follow-up from national focal points to coordinate. This reflects a disconnect in the work that the CSP does to increase inclusiveness in GEF programming and planning.

Women have represented about one-third of all participants in events on average during the three GEF cycles, but their participation is below average in some constituencies, which might be a reflection of national or regional differences in the participation of women in the workforce.

While the average participation of line ministries other than GEF focal points has remained stable since GEF-5 at about 25 percent, their participation in GEF projects both as executing partners and in cofinancing has decreased over time; therefore, participation in CSP events has not translated into a greater involvement of line ministries in GEF programming. This points to an opportunity for the CSP to fully harness the potential of national dialogues to foster policy coherence and the mainstreaming of the environment across sectors.

Retention of information, reach within countries, and South-South exchange remain suboptimal. Information retention on GEF policies and procedures appears to be low among participants beyond operational focal points. Barriers to applying CSP-acquired knowledge and skills in the development of country pipelines are still present, notably the need for a broader reach of GEF information and capacity building within governments and to other country stakeholders such as CSOs and local actors. The need to share more experiences and good practices across countries and to facilitate discussion on global issues and their link to national strategy formulation was also highlighted.

The CSP has positively contributed to country ownership of the GEF process, but ownership remains a challenge in some LDCs, SIDS, and lower-middle-income countries. The CSP has helped increase country ownership and empowerment vis-à-vis GEF Agencies by helping country governments play a more active role in GEF programming and by fostering greater inclusiveness in events at the national level. GEF operational focal points have overall become more involved in project execution and more able to engage with GEF Agencies on an equal footing while also increasing the interest and knowledge of national stakeholders regarding the GEF. Yet, some LDCs, SIDS, and lower-middle-income countries with lower institutional capacity continue to depend heavily on GEF Agencies while some higher-income countries that have been empowered through the CSP now experience tensions in their relationships with GEF Agencies regarding their respective roles.

The timing of the national dialogue is not optimal in many countries. National dialogues play a key role for many recipient countries in commencing the planning process for GEF resources in a new GEF cycle. However, because national dialogues are not hosted until the new GEF cycle commences, this often results in competition for CSP support between recipient countries. Therefore,

CSP stakeholders have raised a desire to hold national dialogues as soon as there is some indication of GEF priorities for the new cycle.

The CSP requires a clear strategy to guide its operations with a budgetary envelope that ensures efficient use of resources. Some activities, such as ECWs, are carried out routinely, while others, such as national dialogues or constituency meetings, are implemented at the request of GEF focal points or Council members. Therefore, most of the CSP is demand driven. As such, it does not approach capacity development as a continuous process at the country level. In the absence of a theory of change, the link between the CSP and its contributions to the overall programming directions of the GEF is unclear. The program funds are underutilized and could benefit from efficiency gains through enhanced staff capacity and access to localized support.

4.2 The GEF portfolio in select country contexts

In the case of countries in select contexts—LDCs, SIDS, and fragile and conflict-affected situations, GEF support in terms of financial commitments has increased between GEF-5 and GEF-7.[3] For example, the share of GEF grant support to LDCs increased from 12 percent to 19 percent in GEF-6 and then declined to 16 percent in GEF-7. Overall, beginning from the pilot until GEF-7, about 50 percent of GEF funding has been allocated to projects in LDCs, with SIDS receiving about a fifth of total GEF funding, and countries with fragile and conflict-affected situations accounting for a third of GEF funding (table 4.1).

Multifocal area projects accounted for the largest share of the GEF portfolio within all country groups (table 4.2), followed by biodiversity and climate change projects

Table 4.1 GEF Trust Fund financing by country group, GEF-5 to GEF-7

Country type	GEF-5		GEF-6		GEF-7	
	Million $	% of total	Million $	% of total	Million $	% of total
LDC	431.7	12	594.7	19	431.7	16
SIDS	207.6	6	261.6	8	162.2	6
Fragile	298.2	8	378.0	12	303.9	12
Total	3,584.8	100	3,211.5	100	2,630.8	100

Source: GEF Portal.

Note: Data are as of June 16, 2021. Only national projects are included. Project financing excludes project preparation grant funding/Agency fee.

Table 4.2 GEF Trust Fund financing by country group and focal area, pilot phase to GEF-7

Country type	Biodiversity		Climate change		International waters		Land degradation		Chemicals and waste		Multifocal		Total	
	Mil. $	% of total	Mil. $	% of total	Mil. $	% of total	Mil. $	% of total	Mil. $	% of total	Mil.$	% of total	Mil.$	% of total
LDC	622.7	27.1	400.9	17.4	25.6	1.1	181.7	7.9	108.2	4.7	961.0	41.8	2,300.0	100
SIDS	284.5	32.8	186.3	21.5	2.2	0.3	35.7	4.1	25.4	2.9	332.0	38.3	866.1	100
Fragile	382.3	25.9	245.1	16.5	8.9	0.6	102.2	6.9	78.0	5.3	664.1	44.8	1,481.0	100

Source: GEF Portal.

Note: Data are as of June 16, 2021. Only national projects are included. Project financing excludes project preparation grant funding/Agency fee.

respectively. International waters has 1 percent or less of the GEF resources within each country group.

Since GEF-5, the five largest recipient countries of the GEF Trust Fund by grant are China, Brazil, India, Mexico, and Indonesia (table 4.3). In terms of number of projects, the largest recipients are China (86), Indonesia (39), India (36), Mexico (35), Brazil (29), and South Africa (29).

Table 4.3 High-recipient countries of GEF Trust Fund, GEF-5 to GEF-7

Country	Total project grant funding (million $)	Total number of projects
China	656.3	86
Brazil	339.7	29
India	293.9	36
Mexico	287.2	35
Indonesia	233.9	39
South Africa	159.5	29

Source: GEF Portal.

Note: Data are as of June 16, 2021. Only national projects are included. Project financing excludes project preparation grant funding/Agency fee.

The average size of projects in Brazil is high, even though the number of projects is lower, as Brazil is the largest recipient of funds under the integrated programs (table 6.2). The largest recipients of GEF funds under the integrated approaches are shown in table 6.2; 15 LDCs have been included in these programs as have 12 countries in fragile and conflict-affected situations (table 4.4). Climate change projects have dominated the portfolios until GEF-6; multifocal projects now constitute a larger proportion of the portfolio in these countries (figure 4.4).

RELEVANCE

There is strong alignment between GEF interventions and government priorities in LDCs, SIDS, and GEF high-recipient countries. The GEF does not yet have

Table 4.4 Country participation in integrated programs by country situation

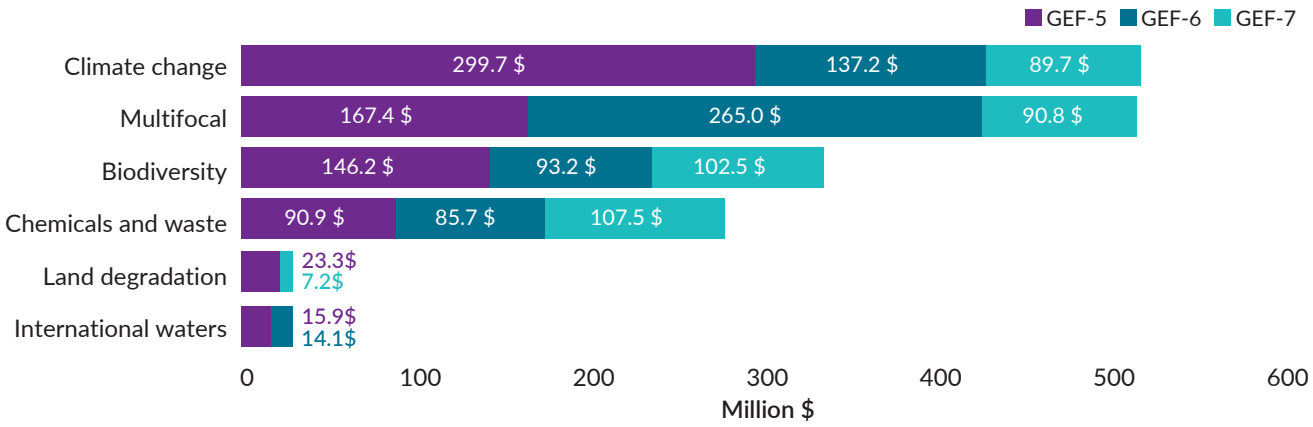
LDCs	Fragile	Other countries
Angola, Burkina Faso, Burundi, Central African Republic, Democratic Republic of Congo, Ethiopia, Guinea, Liberia, Madagascar, Malawi, Mozambique, Niger, Rwanda, Senegal, Uganda	Burkina Faso, Burundi, Cameroon, Central African Republic, Democratic Republic of Congo, Republic of Congo, Guinea, Liberia, Niger, Nigeria, Papua New Guinea, Zimbabwe	Argentina, Brazil, Bolivia, Botswana, China, Colombia, Costa Rica, Côte d'Ivoire, Ecuador, Equatorial Guinea, Eswatini, Gabon, Ghana, Guatemala, Guyana, India, Indonesia, Kazakhstan, Kenya, Malaysia, Mexico, Mongolia, Morocco, Namibia, Nicaragua, Paraguay, Peru, Senegal, South Africa, Tanzania, Suriname, Thailand, Ukraine, Uzbekistan, Vietnam

Source: GEF Portal.

a definition, policy, or procedures for designing and implementing projects in fragile and conflict-affected situations, but GEF projects have innovated and employed conflict-sensitive strategies to manage risks posed by conflict and fragility at design and during implementation. In addition, half of the GEF Agencies have adopted policies, strategies, and toolkits guiding programming in fragile and conflict-affected situations.

Most GEF support to LDCs has focused on climate change adaptation to address its exacerbating effects on their environmental challenges. Multifocal area interventions—most commonly a combination of biodiversity, land degradation, and climate change, including adaptation—have grown to help LDCs tackle environmental challenges through integrated programming. In the SIDS, the GEF's program reflects the fact that challenges on land and in the ocean are interconnected; GEF projects are designed to address this interconnectedness through "ridge to reef," an integrated watershed management approach to sustainably manage soil, water, and biodiversity while considering renewable

Figure 4.4 GEF funding to five high-recipient countries by focal area and GEF replenishment period (million $)



Source: GEF Portal.

Note: The five high-recipient countries are Brazil, China, India, Mexico, and South Africa. Data are as of June 16, 2021. Only national projects are included. Project financing excludes project preparation grant (PPG) funding and PPG Agency fee.

energy resources and productive sectors such as agriculture, forestry, fisheries, and tourism. The GEF is an important source of funding in both LDCs and SIDS in the much-needed areas of institutional development and governance, focusing on skills building and on developing policies, laws, and regulations.

Notwithstanding the absence of direction from the GEF in fragile and conflict-affected situations, GEF projects have innovated and employed five conflict-sensitive strategies to manage risks posed by conflict and fragility: acknowledgment, avoidance, mitigation, peacebuilding, and learning. Conflict can enhance GEF projects' relevance, particularly those designed to be conflict sensitive in addressing livelihoods, food security, cooperation, and essential services; however, armed conflict and fragility can shift the focus and priorities of a state and community away from environmental and other initiatives that require cooperation and toward efforts that directly affect conflict dynamics or provide relief. Many projects have acknowledged the presence of armed violence and insecurity in the project area but do not articulate any strategies to manage conflict-related risks. A growing number of projects both acknowledge risks associated with conflict (and to a lesser extent fragility), and then propose measures to manage those risks. To reduce the level of risk that conflict poses to a project, some projects deliberately focused on areas that were unaffected by conflict. Other projects employed mitigation strategies such as capacity building, monitoring the security situation, participatory approaches, dispute resolution mechanisms, partnerships with local communities, and adaptive management approaches. During implementation, GEF projects in fragile and conflict-affected situations have employed three broad categories of conflict-sensitive implementation measures: ongoing sensitivity in programming, monitoring and early warning, and adjustment.

More recently, several GEF integrated approach pilots and the impact programs recognize conflict and fragility as an issue. Twelve countries participating in these programs are in fragile and conflict-affected situations. For instance, the Food IAP focused on Sub-Saharan Africa has several child projects in countries with insecurity and conflict situations, such as northern Ethiopia. The Taking Deforestation out of Commodity Supply Chains IAP, where postconflict Liberia has a child project, recognizes different dimensions of conflict. The Food Systems, Land Use,

and Restoration Impact Program aims to address the "underlying drivers of unsustainable food systems and land use change through supporting countries to take a more holistic and system-wide approach that is in line with their specific needs for generating Global Environmental Benefits" (GEF 2018a, 80). Many fragile and conflict-affected countries struggle with unsustainable food systems and land use change. The Sustainable Cities Impact Program promotes integrated urban planning to address the manifold sustainability challenges that are confronted and created in urban areas. The GEF-7 strategy for this program acknowledges that conflict- and climate-induced displacement has accelerated urbanization, exacerbating the interlocked social and environmental issues that erupt in cities (GEF 2018a, 98). Cities present a variety of sustainability challenges; they also provide an opportunity for programs to adopt an integrated approach capable of addressing both social and environmental factors.

GEF support in high-recipient countries has focused on promoting innovative technologies, environmental policies and regulatory reform, and generating environmental and socioeconomic co-benefits. The five GEF high-recipient countries (Brazil, China, India, Mexico, and South Africa) are among the 17 megadiverse countries harboring the majority of Earth's species and high numbers of endemic species (UNEP 2020b). In all five countries, the GEF's support has included the development and implementation of environmental regulations and policies, enhancing capacities for decision making and enforcing regulations, leading innovation in technologies, promoting the reduction of pollutants of global concern, and delivering significant global environmental benefits while improving people's livelihoods and generating socioeconomic co-benefits. In all countries, the additionality of the GEF in promoting sustainable green growth through clean-energy infrastructure, biodiversity conservation, and management of land and marine resources has been recognized in several IEO evaluations. These countries feature predominantly in the integrated approach pilot and impact programs.[4]

Table 4.5 summarizes the GEF's main areas of support to sustainable development in countries.

RESULTS

This section presents the results of GEF intervention in the five country contexts in terms of outcome achievement and sustainability, with examples. It then delves into the factors that influence sustainability, building further on the discussion on sustainability presented in chapter 2; this section draws on evidence based on field verification of sustainability conducted at least three years after project completion.

Performance varies across the country contexts: Project performance in LDCs and SIDS is lower than in the overall GEF portfolio; performance in the five high-recipient countries is higher than the GEF average, and in fragile and conflict-affected situations, performance is lower than the overall GEF portfolio with higher probabilities of dropped projects or cancellations.

In LDCs, climate change adaptation projects performed better than other focal area projects. Seventy-two percent of projects were rated satisfactory in LDCs, significantly lower than the 80 percent rating in the overall GEF portfolio. Seventy-nine percent of climate change adaptation projects were rated satisfactory for outcomes, and 58 percent were rated as having outcomes likely to be sustained. This was the highest of all focal area projects. For sustainability of outcomes, 46 percent of LDC projects were rated in the likely range, compared with 63 percent in the overall GEF portfolio. On these dimensions, LDC projects are also rated lower than projects in Africa and Asia, where most LDCs are located. The Least Developed Countries Fund accounted for about a third of the funding from GEF-4 to GEF-6.

Table 4.5 Main areas of GEF support to sustainable development in GEF recipient countries

Element	Definition
Institutional arrangements	Creation of new institutions; strengthening existing institutional capacity for implementation; strengthening or creating new plans, strategies, procedures, programs, and/or institutional frameworks
Regulatory aspects	Drafting or creation of new, or strengthening or revising existing laws, codes, regulations and/or legal and regulatory frameworks, or taking measures to improve enforcement
Capacity building and knowledge sharing	Trainings, sensitizations, or any form of knowledge sharing or transfer (at the national, regional, subnational, local, or beneficiary levels) with the objective of improving capacity for behavior change, implementation, scaling-up, etc.
Finance and resource mobilization	Mobilizing or incentivizing finances or other resources at the national or subnational levels to facilitate project implementation, or scaling up post-intervention; financing and/or resources mobilized at the extranational level
Inclusion	Inclusion of vulnerable social groups (such as women, children, indigenous peoples, disabled, elderly) as project beneficiaries; participatory approaches to project design, implementation and postproject ownership that include vulnerable or marginalized social groups
Communication and awareness	Workshops, awareness campaigns, or any other form of information dissemination on topics not limited to climate/environment/development issues and/or solutions to all relevant parties (e.g., agencies, public officials, private stakeholders, regional and local leadership, public, etc.)
Stakeholder engagement	Active involvement of relevant stakeholders at the national and subnational levels and private sector to facilitate to concept/design, implementation, M&E, scaling up, etc.

Source: DeeNee 2021.

In a group of LDCs in the Sahel and Sudan-Guinea Savannah biomes,[5] 68 percent of projects were rated as having outcomes in the satisfactory range, and 46 percent were found to be sustainable compared to the Africa region average of 73 percent and 50 percent.

In SIDS, biodiversity projects outperformed the other focal areas. The performance of the overall SIDS portfolio was lower than the overall GEF portfolio on the dimensions of outcome performance, implementation and execution quality, and monitoring and evaluation (M&E) implementation. Seventy-one percent of projects in the SIDS have outcome ratings in the satisfactory range compared with 79 percent of the comparable GEF portfolio over the same period. M&E design ratings and sustainability ratings were similar to the comparable GEF portfolio. Factors contributing to this lower performance include limited project preparation time, the relative complexity of GEF projects, and limited national institutional capacity in procurement. Eighty-two percent of projects in biodiversity had higher outcomes, and 61 percent had likely ratings on sustainability. Regional projects performed better on outcomes and sustainability as compared to single-country projects. The GEF's strongest areas of additionality are strengthening institutions and assistance with legal and regulatory frameworks (box 4.1).

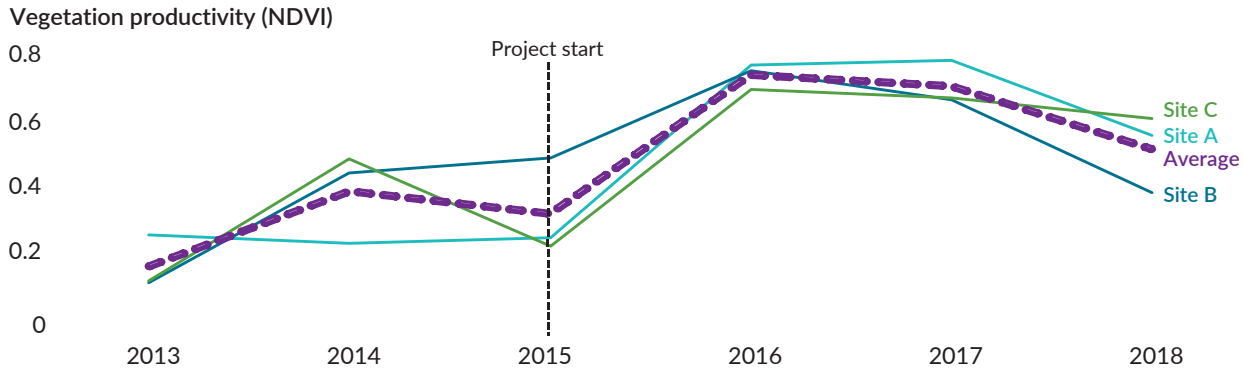
The conflict context of a project's country also had a statistically significant impact on the terminal evaluation report ratings. Globally, the presence of major armed conflict in a project country correlates with a lower score for sustainability. This suggests that projects taking place in conflict-affected sites are on average less sustainable than projects taking place in nonconflict contexts. At the regional level, statistical analysis reveals that major armed conflict can have a statistically significant impact on the sustainability, M&E design, M&E implementation, and overall ratings of a project—although results varied by region.

Box 4.1 Environmental outcomes in Iyanola, St. Lucia

The $7.3 million Iyanola—Natural Resource Management of the NE Coast project (GEF ID 5057) was launched in 2015 to improve the effective management and sustainable use of the natural resource base of the Northeast Coast of Saint Lucia and generate multiple global environmental benefits. The region hosts Iyanola dry forests that are classified as key biodiversity areas and important bird areas. The forest region is also endowed with a variety of environmental resources which form an important and potential socioeconomic and cultural asset base of the island's national economy. Forest loss and forest degradation were an issue in this important ecosystem before the project started; GEF support to the fragile Iyanola forest ecosystem was relevant in addressing the drivers of ecosystem degradation through an approach that integrated national-level planning and regulatory changes and site-specific activities.

Results: Overall, there is an increase in vegetation productivity at all restoration sites since project implementation (figure B4.1.1). There was a rapid increase in vegetation between 2015 and 2016. The average normalized difference vegetation index (NDVI) at the three sites before the project start in 2015 was 0.3, which increased to 0.5 in 2018, a total increase of 20 percent. The productivity has tapered down in 2018 compared to the previous two years perhaps due to a decrease in precipitation. The plantation of native and nonnative trees together with the understory has led to the increased vegetation productivity, also verified during the site visit.

Figure B4.1.1 Annual vegetation productivity at restoration sites



Fragile and conflict-affected situations are associated with statistically significant negative project outcomes, sustainability, M&E design, M&E implementation, implementation quality, and execution quality. Project outcomes in these situations are affected through various pathways (figure 4.5). A country's fragility classification is also associated with a statistically significant impact on the likelihood of projects being canceled or dropped.

Projects in countries affected by major armed conflict had a 26 percent greater chance of being dropped or canceled than projects in countries not affected by major armed conflict. At all scales of implementation, the country's conflict status had a statistically significant impact on the duration of a project's delays.[6]

An example of fragility and tensions causing project delays is noted in the project Reducing Conflicting Water Uses in the Artibonite River Basin through Development and Adoption of a Multi-focal Area Strategic Action Programme (GEF ID 2929). This project began in August 2009 with a planned closing date of

Figure 4.5 Key pathways by which conflict and fragility affect GEF projects

	PHYSICAL INSECURITY	SOCIAL CONFLICT AND MISTRUST	ECONOMIC DRIVERS	POLITICAL FRAGILITY AND WEAK GOVERNANCE	COPING STRATEGIES
Negative impact	• Impedes access to project site • Physical safety of project staff and partners • Difficulties hiring staff	• Land tenure issues • Sensitivities hiring project staff	• Illicit extraction and trade of natural resources • Competition over resources can drive conflicts and put staff and parties at risk • Currency depreciation	• Institutional capacity and legitimacy • Financial capacity • Corruption and rule of law	• Conflict between internally displaced persons/refugees and local communities • Decreased carrying capacity • Vulnerability enhanced by climatic stressors
Positive impact		• Projects designed to increase cooperation among groups	• Projects focused on livelihoods and sustainable natural resource management	• Projects designed to align with governmental priorities, including implementation of peace agreement	

Source: Environmental Law Institute and GEF IEO.

July 2013 but was actually completed in December 2014. Tensions between the two project countries—Haiti and the Dominican Republic—built throughout the project's lifetime. The worsening relations, combined with other issues, undermined the achievement of the ultimate objective of the project. Although the parties had signed a binational agreement to facilitate the integrated management of the watershed by both governments, meetings were canceled at critical moments. With the worsening bilateral relations, the project team worked hard—and arguably successfully—to maintain communication between governments and ministries.[7] During its latter stages, the project benefited from assistance from the government of Mexico that facilitated training and exchange of experiences on how to manage a binational water source.

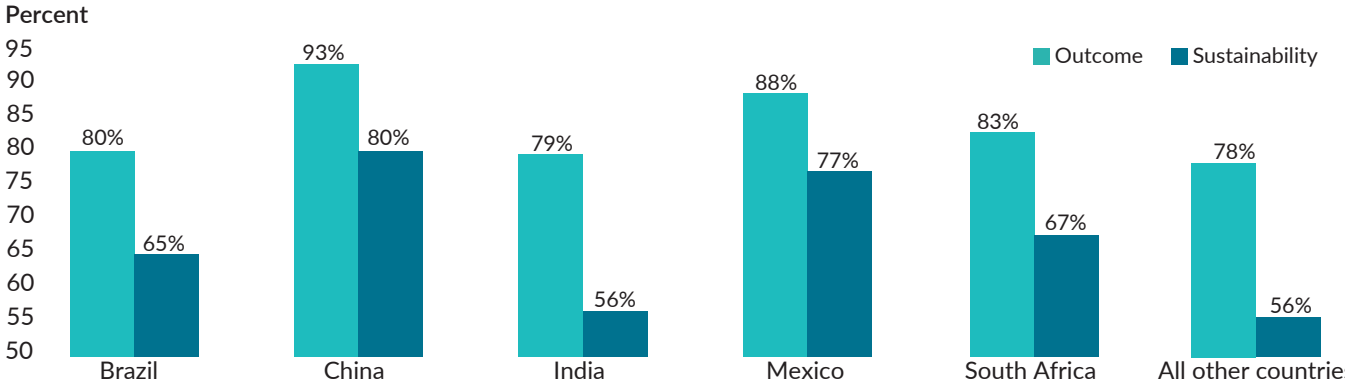
In the GEF high-recipient countries, the outcome and sustainability ratings are higher on average than in the rest of the GEF portfolio, with variability across the countries. The project performance ratings of China and Mexico are the highest, followed by South Africa, Brazil, and India. India's performance rating is comparable to the rest of GEF portfolio (figure 4.6). Examples of impacts of GEF interventions in the high-recipient countries are presented in box 4.2.

SUSTAINABILITY

More than project outcomes, it is the sustainability of outcomes over the long term that is of interest, particularly to donors. Several common factors influence sustainability across these country contexts, with varying importance. This section discusses these factors, with examples.

In all country contexts, projects tend to maintain or show higher observed sustainability of outcomes

Figure 4.6 Outcome and sustainability ratings in five high-recipient countries, since pilot phase



Source: GEF IEO Terminal Evaluation Review Database.

Box 4.2 Impact of GEF support in high-recipient countries

GEF-supported projects in five high-recipient countries—Brazil, China, India, Mexico, and South Africa—have generated global environmental benefits while strengthening environmental consideration in national development processes.

For example, the GEF has consistently provided support for sustainable conservation and management of the globally significant Amazon ecosystem. The Amazon Region Protected Areas project in Brazil has been operational for 20 years and has helped in restoring protected areas which now cover 30 percent of the Amazon. In Mexico, GEF support to protected areas has helped in avoiding 23 percent forest loss (2001–12) and reducing illegal felling activities which reached zero by 2012. In South Africa, GEF support has contributed to the conservation of lowland fynbos. In India, GEF support to protected areas has seen the recovery of flagship species and restoration of more than 3,300 hectares (from 2,000 hectares in 2005 before the GEF project) of mangroves in Sindhudurg (Maharashtra).

GEF support in climate change mitigation has enabled these countries to grow following a low-carbon path trajectory, thus limiting the emissions growth rate. Most of the projects in Brazil, China, India, Mexico, and South Africa have exceeded their set targets for greenhouse gas emissions reductions during the project's lifetime, including China's RED, TVE II, and RESP (GEF IDs 446, 662, and 943) projects; India's Alternate Energy (GEF ID 76); and Mexico's Ilumex, Agriculture, and Landfill Gas projects (GEF IDs 575, 643, and 784). In South Africa, carpooling initiatives mitigated an estimated 2,700 metric tons of carbon dioxide over 10 years in the Sustainable Public Transport and Sport project (GEF ID 2604); in China, the creation of multimodal terminals in Changsha led to an estimated 50 percent reduction in carbon dioxide emissions under the China Eco-Transport in City Clusters project (GEF ID 4156).

The GEF has been encouraging and supporting multifocal projects and programs in these countries with success. In Brazil, the GEF provided support to pastureland protection, a multifocal program resulted in increase in wildlife, creation of carbon sinks to store an estimated 295 tons per year, about 26 percent sediment reduction in waterways, and improved water flows (Brazil Rio Rural; GEF ID 1544). With the China Integrated Environmental Management Drylands project (GEF ID 2369), tree planting in and around reserves contributed to reported increases in vegetation cover and wildlife populations, improved water quality, and reduced soil erosion by wind.

Source: Interview with national stakeholders; GEF IEO 2014, 2017a, 2019a, 2020a.

postcompletion than at the time of closure, confirming the overall findings in chapter 2.

An example demonstrating improved postcompletion sustainability of outcomes is the Sustainable Land Management project (GEF ID 2358) in Bhutan (box 4.3).

Several factors—context related and project related—affect the sustainability of GEF interventions in countries (table 4.6). These factors influence sustainability of outcomes in all country contexts, to varying degrees. The most important project-related factor adversely affecting sustainability was found to be the quality of project design across all groups; sometimes little consideration was given to longer-term impact and sustainability. Many projects have a short time horizon for planned outcomes and impact, and the issue of sustainability is often considered only from a financial point of view. There is also not enough consideration of previous projects in the same sector. Context analysis—including conflict analysis, environmental and social impact assessments, and stakeholder identification and analysis—is essential to informing project design.

An illustrative example of inadequate project design was observed by the African Biomes SCCE team in Tolo, Guinea. There, the sustainability of the positive environmental outcomes achieved in the area around the source of the Bafing River, reforested with support from the Community-based Land Management (GEF ID 1877) project after relocating the farming communities to a nearby watershed, is threatened by insufficient groundwater. In this case, no technical feasibility study to assess water availability and its seasonal variation during the year; nor were any other groundwater stock analyses conducted as part of project design (box 4.4).

Often mentioned as an important factor is the need for future financing to sustain projects' momentum, particularly in LDCs and SIDS. Some examples of sustainable financing are national environmental and protected area funds in Jamaica and Guinea-Bissau. Another positive example was the UNDP project Expanding Coverage and Strengthening Management Effectiveness of the Terrestrial Protected Area Network on the Island of Mauritius (GEF ID 3526), where the government took charge of paying 100 protected area workers who had previously been paid by the project for the combat of invasive alien species. Such combat is costly, however, and to reduce the burden on the state budget an exit strategy could therefore include giving priority to the invasive alien species that are causing the most damage, combined with income from sale of some invasive alien species products to at least cover part of the costs.

Addressing the nexus between environmental and socioeconomic priorities has a positive influence on sustainability. When sustainable alternative livelihoods are possible with a positive environment-socioeconomic nexus, the chances are much greater that the environmental benefits of project interventions will be sustainable. The outcomes of the Conservation and Management of the Eastern Arc Mountain Forests project (GEF ID 1170) in Tanzania contributed to urban water supplies through improved forest management and conservation by local communities, government authorities, and other stakeholders. The Ulugurus, part of the Eastern Arc Mountains, are the main source of water for Dar es Salaam and Morogoro. The project linked local community benefits to improved environmental management, providing support for local livelihoods such as tree nursery establishment and planting, beekeeping, improved cooking stoves and brick making, fishponds, and dairy goats, as well as to local saving and credit schemes. Such investments in local livelihoods helped generate support for environmental management.

In fragile and conflict-affected countries, in addition to the factors presented in table 4.6, risk management strategies play an important role in influencing sustainability (figure 4.7).

Box 4.3 Improved sustainability postcompletion in Bhutan

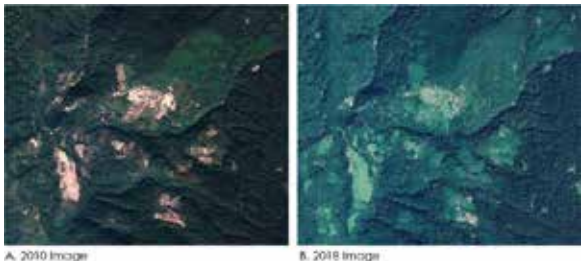
The Sustainable Land Management (SLM) project (GEF ID 2358) in Bhutan improved sustainability of outcomes at postcompletion. A key factor driving sustainability was good project design, including highly relevant activities in line with government priorities to achieve the stated objectives. The project design was guided by a bottom-up approach with participatory planning focused on community priorities, phased implementation allowing for adjustments based on learning from pilots, and an integrated multisectoral approach. Before the project completion appropriate institutional arrangements were made for sustaining its outcomes.

SLM practices were piloted in three gewogs (groups of villages), where farmers were trained in SLM techniques. These project sites had high incidence of land degradation, and were inhabited by Bhutan's poorest and most vulnerable communities. Notable results include an increase in the use of SLM techniques, a reduction in sediment flows in selected watersheds, regeneration of degraded forest land, and improved grazing land in the pilot gewogs. A postcompletion site visit in Zhemgang noted continued practice of SLM techniques such as land terracing, hedgerows, tree plantations, and irrigation systems. Income also increased from selling produce both in the district and in Gelephu on the border with India. Villagers interviewed confirmed that more land was under cultivation, and 60 percent of households continued using SLM techniques. Water shortages and losses caused by wildlife led some to discontinue using SLM.

The continued practice of SLM techniques also helped improve and retain soil. This positive outcome is evidenced by satellite images (figure B4.3.1) of the project pilot area, and quantitative analysis using the annual mean normalized difference vegetation index (NDVI) from 2002 to 2017 (figure B4.3.2). Results show increase in forest and vegetation cover in pastures since the onset of the project and the results continue beyond the project duration. This trend occurred despite a decrease in overall precipitation.

These results and interview data indicate that the SLM techniques introduced by the project have contributed to positive environmental outcomes in the area.

Figure B4.3.1 Satellite images of Zhemgang, Bhutan, 2012 and 2018



Note: Satellite images of a project area from 2010 (A) and 2018 (B), showing the landscape early in the project implementation phase and after the project completion.

Figure B4.3.2 Time series of vegetation productivity and rainfall—Zhemgang, Bhutan

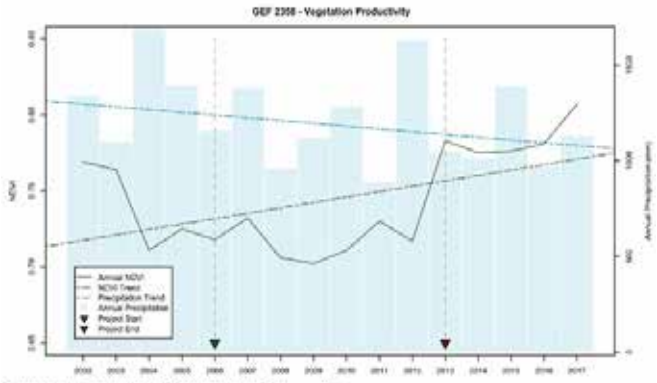


Table 4.6 Observed factors influencing the sustainability of outcomes

Sustainability	Contributing factor	Hindering factor
Context related	• Legal and institutional framework for environment and protected areas • Government policies supporting environmental conservation, and climate change mitigation and adaptation • National ownership of projects, reflected in government support and budget allocation • Strategic institutional partnerships • Public-private partnerships in the key sectors • Sustainable national financing mechanisms, e.g., environmental funds, to cofinance projects • General institutional capacity, especially in the public sector	• Low institutional capacity, especially in the smallest countries, with low ownership, little institutional memory, high turnover, and brain drain • Unfavorable political conditions and events in some countries (coup d'état, corruption, civil protests) • Often weak national and local environmental nongovernmental organizations (NGOs) with low technical capacity, limited influence on decision making, and low capacity on local level to implement planned activities • Low level of environmental awareness, reflected in the public's attitude to waste and to renewable energy sources • Pressure from certain sectors—for example, the agricultural and tourism sectors—to exploit sensitive areas in SIDS, from a land, coastal and marine environment perspective • Natural disasters and unfavorable environmental conditions (hurricane, drought, earthquake, tsunami) • Infrastructure issues
Project related	• Training and institutional capacity building, including introduction of new technology and new techniques • Buy-in and sense of ownership among key project stakeholders • Adaptive project management • Good project design including context analysis • Strength of project teams and engagement of steering committees • Strategic institutional partnerships • Replication and scaling-up based on lessons learned, including small-scale local investments financed by GEF Small Grants Programme, NGO/civil society organization, and the private sector	• Project design does not consider previous projects in the sector and lessons learned • Little consideration of impact and sustainability in the project design • Insufficient involvement of main stakeholders during design and implementation • Weak project monitoring and risk management • Insufficient national and local capacity building to ensure continuation of activities • Lack of exit strategy and future financing to sustain the projects' momentum

The GEF has supported sustainability in the high-recipient countries through policy and regulatory reforms, building institutional capacity, and replication and scaling-up of successful innovative pilots.

Variations exist across the high-recipient countries in environmental regulations, which Marques and Caetano (2020) indicate have resulted in a failure to control pollution worldwide. Further, inadequate regulatory frameworks pose numerous sustainability challenges, as these countries attempt to balance increasing socio-economic demands while ensuring that environmental issues are adequately considered. The World Bank, however, warns that these countries have unfinished development agendas, which increases the risk of their being "trapped" in middle-income status if key issues

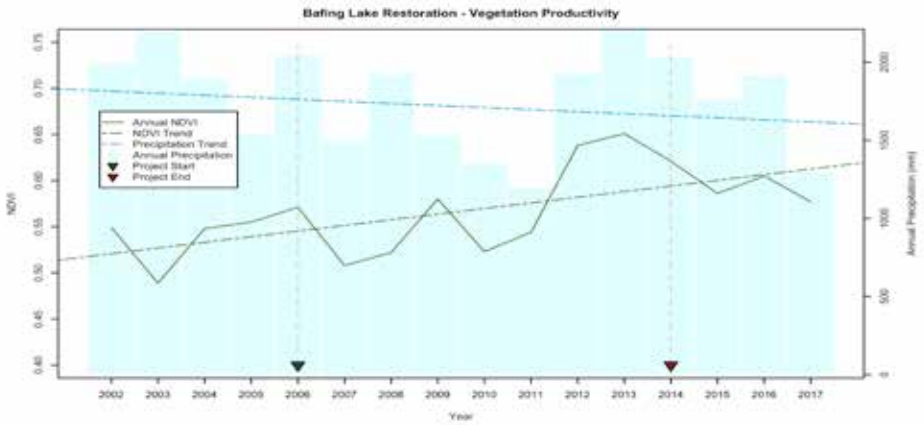
Box 4.4 Effects of inadequate project design on sustainability

The Bafing River is the source of half the water going to the Senegal River. Deforestation around the river source is caused by land clearing for agriculture. After intense participatory consultations, farmers agreed to relocate to a watershed at 2 kilometers from the river source, where communities can practice horticulture. This relocation was informed by a socioeconomic study followed by negotiations that provided an agreement for the distribution of land in the watershed and included compensation measures. Years after the relocation, the ecosystem has been slowly rehabilitated through intense reforestation measures. This positive outcome is evidenced by satellite images taken in 2012 and 2018 showing increased vegetation directly adjacent to the perimeter of the river source and decreased agricultural activity on the hillslopes (figure B4.4.1).

A quantitative analysis of annual satellite imagery using the annual mean Normalized Difference Vegetation Index from 2000 to 2018 also demonstrates increasing levels of vegetation cover/productivity throughout the time period (figure B4.4.2). This trend is juxtaposed against a slight decreasing trend in rainfall. These data provide evidence that the restoration efforts around the river source are having positive effects on the vegetation. Continuation of these positive environmental outcomes is threatened by the limited access to water in the relocation site. Water scarcity remains the key impediment to agriculture in the watershed where the farmers have relocated. The mission found this area under-used. Farmers reported that despite the investments made, they only have enough irrigation water for six months per year.

Figure B4.4.1 Satellite images, Bafing River source, 2012, 2018

Figure B4.4.2 Time series of vegetation productivity and rainfall—Bafing River source



Note: The vegetation trend (normalized difference vegetation index; NDVI) and precipitation trend for the area show a general increase in vegetation productivity despite decreasing levels of precipitation.

Figure 4.7 Risk management strategies in fragile and conflict-affected situations

AVOIDANCE	MITIGATION	PEACEBUILDING	LEARNING
			
• Project site selection	• Training • Monitoring and early warning • Participatory approach • Local partners • Dispute resolution mechanisms • Adaptive management	• Political will • Livelihoods • Environmental restoration • Co-benefits	• Applying learning from previous experiences in project design • Learning during project implementation • Learning during M&E

Source: Environmental Law Institute and GEF IEO.

pertaining to economic, social, and structural transformation as well as second-generation/frontier reform challenges (such as lifestyle diseases, aging populations, pension reform, tertiary education, social inequality, competitiveness, trade and tax policy, financial literacy, green growth, and urbanization) are not addressed (World Bank 2020b). However, the World Bank also notes that inclusive and sustainable growth and development in these countries, which have middle-income status, provide positive spillovers globally in relation to poverty reduction, international financial stability, and global environmental issues such as climate change, energy, and food and water security.

One of the main contributions of the GEF in the five high-recipient countries is the support provided in the development of national regulations, standards, and action plans mainstreaming environmental considerations into the developmental process and helping them meet their multilateral environmental agreement commitments. For example, GEF support for biodiversity in these countries has facilitated their meeting Aichi Biodiversity Targets, particularly Target 11 with respect to protected areas. The GEF supported the countries in developing the regulatory framework and institutions, which not only improved the management effectiveness of the protected areas but also reduced the loss of biodiversity and deforestation in Brazil and Mexico.[8] The GEF has also supported innovation in piloting financial and business models (like payment of ecosystem services) to make the management of some of these protected areas self-sustaining. In climate change, the GEF supported Mexico in developing and strengthening the enabling environment for the introduction and promotion of energy-efficient residential lighting.[9] In China, Mexico, and South Africa, the GEF supported the development of urban public transport strategies for the introduction of bus rapid transit systems, fuel-cell buses, and nonmotorized transport infrastructure (e.g., bicycle lanes and parking).[10]

The GEF's support under the international waters focal area helped in developing strategic action plans to address environmental concerns affecting international water bodies. China, as a member of the Partnerships in Environmental Management for the Seas of East Asia (PEMSEA),[11] signed the Manila Declaration on Strengthening the Implementation of Integrated Coastal Management for Sustainable Development and Climate Change Adaptation in the Seas of East Asia Region in

2009 and signed the Changwon Declaration Toward an Ocean-based Blue Economy in 2012. The GEF also supported China's accession to the International Maritime Organization Convention on the Control of Harmful Anti-Fouling Systems on Ships.[12]

The GEF provided support for establishing new institutions as well as strengthening capacities of existing national institutions. For example, with GEF support, in Brazil the Secretariat on Biodiversity and Forests and its Directorate for Biodiversity in the Ministry of the Environment were created in 1999.[13] In 1996, the Brazilian Biodiversity Fund, which is now one of the GEF's 18 accredited Agencies, was established and thereafter strengthened with GEF support.[14]

Successful GEF pilots have been replicated by the country and/or have served as models for other countries. The bus rapid transit system in Mexico City is viewed internationally as a successful example.[15] The learnings from Mexico's successful implementation of the GEF-supported project on energy-efficient lighting encouraged other countries in the region, such as Cuba and Venezuela.[16] Energy efficiency technologies promoted by the GEF have often been replicated by the private sector in India and China, supported by national institutions, strategies, or policies.[17] With respect to land degradation, with GEF support, integrated ecosystem management methodologies were developed in China and Brazil and were widely replicated in other government projects or by farmer groups.[18]

Scaling-up has presented challenges in GEF projects. Consumer resistance has constrained scaling-up of activities. In India, even highly cost-effective technologies faced significant technical challenges, even when the technologies are not only cost-effective but also reduce waste.[19] Scaling-up is also affected by the lack of an enabling environment. One example is the GEF support to fuel cell bus technology in China and Brazil.

> Although a promising technology, fuel cell buses did not find quick, wide acceptance. In hindsight, there seem to be two reasons for this: the technology was demonstrated before it was ready for commercialization, and the decline in its cost was much slower than anticipated. Fuel cell bus technology is now finding traction in China, where the nexus of a fast-maturing technology, strong manufacturing base, demand for low-carbon and pollution-free transit, and institutional capacities provides a fertile ground for further upscaling and adoption. However, there has been little progress in Brazil. (GEF IEO 2020a)

Another factor hindering scaling-up is the lack of early engagement with relevant stakeholders, including financial institutions.

4.3 Summary

The evidence presented in this chapter confirms the GEF as an important source of funding and support for countries in their efforts to achieve their environmental goals and in supporting them in strengthening institutional development and policy, through reforms, in recipient countries.

There is considerable heterogeneity within each country group, along with varying capacities and institutional frameworks, contributing to differences in outcomes and sustainability. The path to a greener recovery is going to be different for each country. The evidence clearly demonstrates the importance in considering country context, situation and capacity in the design and implementation of GEF projects and programs. Other important elements include financing for long-term sustainability particularly in LDCs, SIDS, and fragile and conflict-affected situations, building partnerships through effective stakeholder engagement,

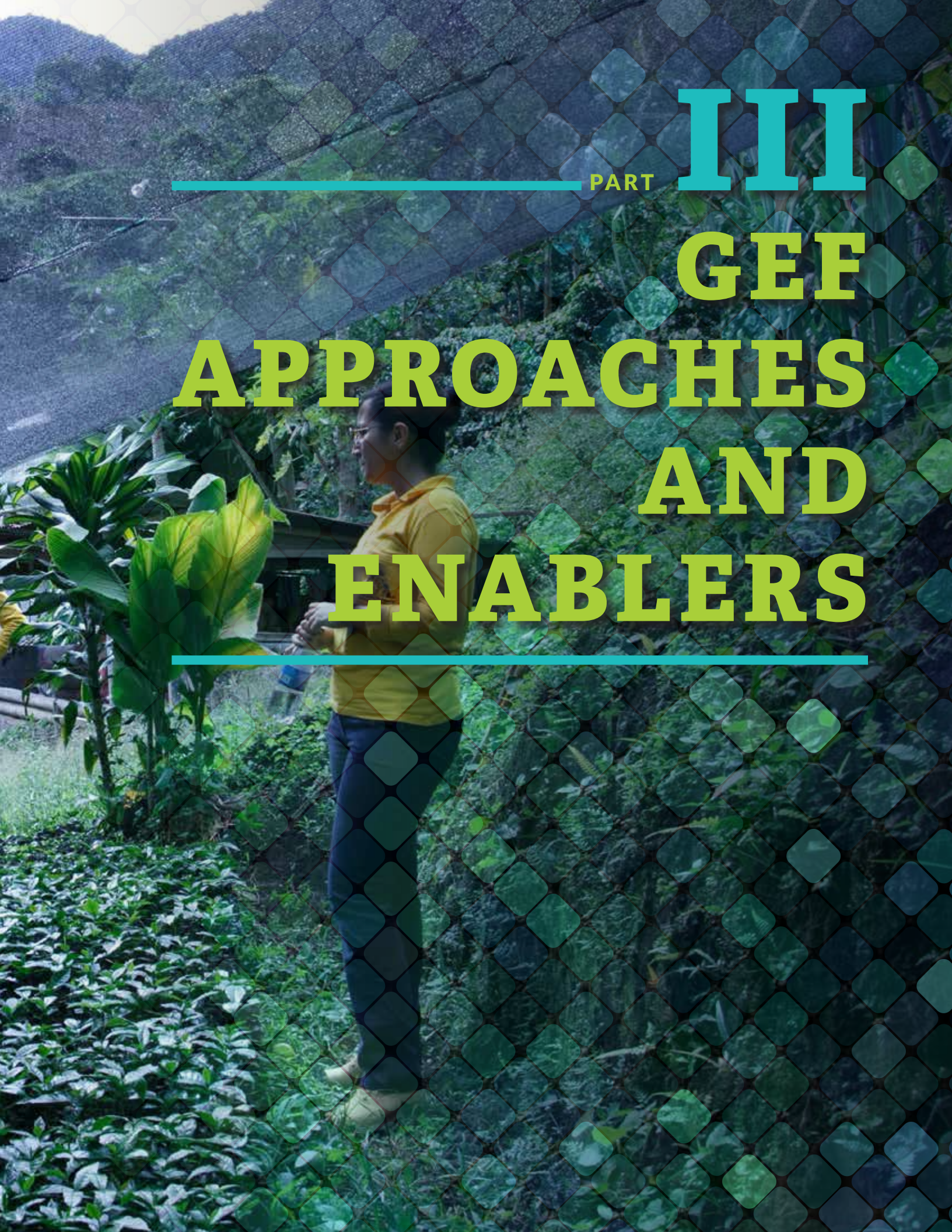
obtaining strong government buy-in and support, recognizing the environment-development nexus at design and measuring socioeconomic co-benefits, and allowing for adaptive and flexible management in implementation. In high-recipient countries, the path to recovery will require addressing environmental goals alongside inclusive growth.

A single approach to country engagement across all countries would not be optimal. To better assist countries in their recovery, a more systematic approach to country engagement would be useful. The national dialogue or similar approach, with the potential to assist countries through a GEF country program strategy or country partnership strategy based on national priorities and convention requirements, would be appropriate. Such a strategy, developed jointly with the country and building on the experience gained with the voluntary NPFEs conducted in GEF-5 and GEF-6, would help establish clear goals for the GEF country engagement with measurable environmental and socioeconomic indicators. It would also help forge effective partnerships once the strategy is made available and clear to public and private stakeholders. Finally, it would ensure the more efficient allocation of scarce country resources based on a clear strategy rather than on a fragmented project-by-project approach.

The GEF shift to integrated approaches has not affected the relevance of GEF interventions in program countries, because they are aligned with the national environmental priorities. However, the additionality of the integrated approach is still to be demonstrated in terms of program outcomes and sustainability. Generating environmental and socioeconomic benefits at scale can be challenging, even in countries, such as the high-recipient countries, with institutional capacity and experience. Once again, a clear strategy and plan for scaling-up are imperative to realizing the objective of generating environmental benefits at scale.

NOTES

1. High-recipient countries include Brazil, China, India, Mexico, and South Africa. The evaluation on GEF engagement in high-recipient countries is in process and is available on request.
2. Introduced at the onset of GEF-5 as a voluntary form of country programming, NPFEs were discontinued in GEF-7.
3. The SIDS SCCE included a review of 286 GEF-4 to GEF-6 interventions in all 39 SIDS, complemented by case studies and field visits to 10 countries. The LDCs SCCE covered the whole GEF portfolio in 47 LDCs from GEF-4 to GEF-6, complemented by case studies and field visits to four countries.
4. This summary draws on IEO country portfolio evaluations and GEF Secretariat (2016a).
5. The biomes also include Cameroon, Côte d'Ivoire, Ghana, and Nigeria.
6. Using a two-sample *t* test with equal variances for the country level only, and the Kruskal-Wallis equality-of-populations rank test for all other scales of aggregation.
7. Reducing Conflicting Water Uses in the Artibonito River Watershed through the Development and Adoption of a Multi-focal Area Strategic Action Programme terminal evaluation.
8. Brazil ARPA (GEF ID 771 and 4085) (GEF IEO 2012a); Mexico SINAP I (GEF ID 62) (GEF IEO 2016, 52, 56).
9. Mexico Ilumex (GEF ID 575) (GEF IEO 2014, 5).
10. China: Fuel Cell Bus Commercialization (GEF ID 941) (GEF IEO 2020a, xii); Mexico: Climate Change Friendly Measures in Transport (GEF ID 1155) (GEF IEO 2020a, 41–42); South Africa: Sustainable Public Transport and Sport (GEF ID 2604) (GEF IEO 2020a, 51, 54).
11. PEMSEA (GEF IDs 396, 597, 2188, and 2700) (GEF IEO 2012b, 64–65).
12. Improving of DDT-based Production and Anti-fouling Paint projects (GEF IDs 2629 and 2932) (GEF IEO 2018a, 23).
13. Supported by PROBIO (GEF ID 58) (GEF IEO 2017b, 30).
14. Brazil ARPA (GEF ID 771 and 4085) supported this process (GEF IEO 2019b, 41).
15. Mexico: Climate Change Friendly Measures in Transport (GEF ID 1155) (GEF IEO 2020a, 50).
16. Mexico Ilumex (GEF ID 575) (GEF IEO 2014, 5, 29).
17. China: RED (GEF ID 446), TVE II (GEF ID 622), RESP (GEF ID 943); India: Alternate Energy (GEF ID 76), Hilly Hydel (GEF ID 386), Energy Efficiency (GEF ID 404), PVMTI (GEF ID 112), and Biomethanation (GEF ID 370) (GEF IEO 2014, 28).
18. China IEM Drylands (GEF ID 2369); Brazil Rio Rural (GEF ID 1544) (GEF IEO 2017a, 32).
19. GEF IEO (2014), 36.



PART III

GEF APPROACHES AND ENABLERS

CHAPTER 5

ENABLING ACTIVITIES, MEDIUM-SIZE PROJECTS, AND THE SMALL GRANTS PROGRAMME

The GEF has used a variety of approaches for its interventions. This chapter covers three established approaches in the GEF arsenal implemented since the 1990s: enabling activities, medium-size projects (MSPs), and the Small Grants Programme (SGP). This chapter assesses the role and contributions of each of these approaches, in helping the GEF achieve its objective of generating global environmental benefits in recipient countries. Each approach was included in the GEF instrument to meet specific objectives. Drawing on three separate IEO evaluations of the enabling activities, MSPs, and the SGP (GEF IEO 2021e, 2021i; GEF IEO and UNDP IEO 2021), sections 5.1–5.3 of this chapter describe the portfolios for enabling activities, MSPs, and the SGP, respectively, and the relevance to GEF objectives of each approach in terms of its effectiveness, efficiency, and sustainability. Section 5.4 concludes the chapter.

- **Enabling activities.** Enabling activities assist countries in preparing strategies and action plans that help integrate the convention objectives into national development planning efforts. Enabling activities also help countries prepare their reports

and communications to the Convention on Biological Diversity (CBD), the United Nations Framework Convention on Climate Change (UNFCCC), and the United Nations Convention to Combat Desertification (UNCCD), the Stockholm Convention, and the Minamata Convention, for which GEF is a financial mechanism. These activities account for 30 percent of GEF projects and 4 percent of GEF funding.

- **MSPs.** MSPs are those projects with up to $2 million in GEF funds. MSPs offer more flexibility in the allocation of GEF resources, to test and implement innovative ideas that have the potential to address environmental issues. The average duration of an MSP is about three years. MSPs account for 23 percent of GEF projects and 7 percent of GEF funding.
- **Small grants.** The SGP was established as a funding "window" in the GEF for small-scale activities to complement the larger GEF work program. The principal strategy of the SGP is to provide small grants—to a maximum of $50,000[1]—to communities in need to support the use of practices and technologies that benefit the global environment.

5.1 Enabling activities

The GEF defines an enabling activity as a "project for the preparation of a plan, strategy, or report to fulfill commitments under a Convention."[2] Enabling activities represent the "basic building block of GEF assistance to countries" by "providing basic and essential level of information to enable policy and strategic decisions to be made, or assisting in plans that identify priority activities within a country" (GEF 2014b).

Enabling activities may be approved as an MSP or full-size project (FSP), or they can additionally be financed through the direct access modality, for resources up to $500,000 to support preparation of reports to the three Rio conventions: the CBD, the UNFCCC, and up to $150,000 for reporting to the UNCCD). The main areas of intervention include knowledge generation, information sharing and access, and policy, legal, and regulatory frameworks.

Enabling activities can be approved under an umbrella arrangement, whereby the GEF approves one proposal submitted by a GEF Agency on behalf of a set of countries. Umbrella arrangements ease the administrative burden associated with developing and securing approval of enabling activities under a single convention for multiple countries.

PORTFOLIO

As of February 28, 2021, the GEF had 1,370 enabling activities committing $601.2 million in GEF grants[3] and $237.11 million in planned cofinancing,[4] accounting for 25 percent of all projects and 3 percent of GEF grants. Between GEF-5 and GEF-7, the amount of allocated financing stayed stable at approximately $200 million to $211 million or 4.7 percent of the total GEF financing envelope. The amount of financing available for and used by enabling activities is dependent on the cycles of reporting required from the multilateral conventions. The introduction of new reporting requirements for the UNFCCC and the entry into force of the Minamata convention allowed for an increase of the enabling activities allocation for Minamata under GEF-6.

Umbrella arrangements are larger because they are global. GEF enabling activities processed for individual countries account for 89 percent of projects and 59 percent of financing; the umbrella arrangements account for 11 percent of enabling activity projects, but because of their size and global nature they amount to 41 percent of financing (table 5.1).

The evaluation conducted reviews for a random sample of 149 enabling activities, with 90 percent confidence, that were CEO endorsed or approved, under

Table 5.1 GEF enabling activities and umbrella arrangements over the GEF replenishment periods

	Enabling activity modality				Umbrella arrangements				Total	
	Projects		GEF funding		Projects		GEF funding		Projects	GEF funding
GEF period	No.	%	Mil. $	%	No.	%	Mil. $	%	No.	Mil. $
Pilot phase	9	100	34.20	100	0	0	0	0	9	34.20
GEF-1	234	100	70.84	100	0	0	0	0	234	70.84
GEF-2	254	96	91.69	92	11	4	7.77	8	265	99.46
GEF-3	329	91	142.27	70	34	9	60.34	30	363	202.62
GEF-4	40	43	21.53	15	54	57	120.52	85	94	142.05
GEF-5	290	90	72.07	36	34	10	129.00	64	324	201.07
GEF-6	149	84	105.74	59	29	16	74.20	41	178	179.94
GEF-7[a]	65	97	62.86	72	2	3	24.55	28	67	87.41
Total	1370	89	601.20	59	164	11	416.39	41	1534	1,017.59

Source: GEF Portal as of February 28, 2021, excluding canceled or dropped projects.

a. GEF-7 programming is still under way.

implementation, or completed between GEF-4 to GEF-7. All enabling activities are designed to contribute to knowledge generation (100 percent), information sharing and access (98 percent), and policy, legal, and regulatory frameworks (83 percent) (table 5.2).

Ninety percent of all enabling activities specifically supported countries' efforts to meet obligations under the conventions. The evaluation was able to classify 663 projects between GEF-4 and GEF-7. Based on this classification, 90.8 percent of all enabling

Table 5.2 Intervention typologies of enabling activities

Area of intervention	Typology	Enabling activity	
		No.	%
Knowledge and information	Knowledge generation	149	100
	Information sharing and access	146	98
	Awareness raising	98	66
	Skills building	130	87
	Monitoring and evaluation	58	39
Institutional capacity	Policy, legal, and regulatory frameworks	123	83
	Governance structures and arrangements	41	28
	Informal processes for trust building and conflict resolution	1	1
Implementing strategies	Technologies and approaches	7	5
	Implementing mechanisms and bodies	0	0
	Financial mechanisms for implementation and sustainability	1	1

Note: n = 149. Several projects address multiple areas of intervention.

activities specifically supported countries to meet obligations under the conventions, 7.5 percent supported nonconvention activities such as national capacity self-assessments and national portfolio formulation exercises,[5] and less than 2 percent aimed at coordinating between the three Rio conventions (table 5.3). Between GEF-4 and GEF-6, the GEF implemented a set of projects specifically aimed at enhancing in-country capacity and increasing coordination for implementing the Rio conventions.

Most enabling activities are under the climate change focal area, followed by biodiversity and chemicals and waste, while land degradation has the least share of enabling activities both in terms of projects and financing.

In biodiversity, the majority of enabling activities were used for creating and updating national biodiversity strategies and action plans under the CBD; in land degradation, for producing and aligning the national action plans for the UNCCD; in the climate change focal area, for the biannual update reports and national communications to the UNFCCC; and, in the chemicals and waste focal area, for creating and updating national implementation plans under the Stockholm Convention; and for artisanal and small-scale gold mining national action plans under Minamata.

The United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), and the United Nations Industrial Development Organization (UNIDO) are the implementing Agencies for most of the enabling activities portfolio, and 41.4 percent of enabling activities and 45 percent of enabling activity financing is in small island developing states (SIDS) and/or least developed countries (LDCs).

RELEVANCE

Enabling activities are predominantly viewed as a tool for supporting countries in reporting to the conventions. The enabling activities modality is achieving its objective of helping countries fulfill their obligations under the conventions for which the GEF is the financial mechanism. Some conventions suggested that if enabling activity resources had not been available, then reports would not have been produced on time, and so

Table 5.3 Use of enabling activities for reporting to the conventions, GEF-4 to GEF-7

Convention/area of intervention		Number of projects		GEF funding	
		Number	Percent	Million $	Percent
Convention	CBD	164	24.7	132.95	21.8
	UNFCCC	175	26.4	297.29	48.7
	UNCCD	57	8.6	27.14	4.4
	Stockholm Convention	97	14.6	73.97	12.1
	Minamata Convention	109	16.4	80.77	13.2
Rio conventions coordination		13	2.0	11.26	1.8
Nonconvention		50	7.5	9.48	1.6
Total		663		610.47	

Source: GEF Portal.

Note: Single projects may include components for multiple conventions. Two projects address both the Stockholm and Minamata Conventions. Total includes umbrella arrangements.

the ability to check, understand, and assess implementation would have been undermined.

Enabling activities are also relevant in helping fill several other gaps. According to more than 70 percent of survey respondents, enabling activities have played a significant role in the development of national policies, national plans/strategies, and domestic legal and regulatory frameworks. In addition, funding through this modality has helped countries to identify needs; develop enabling environments for future projects; develop accurate data and baseline information; and develop national capacities. However, national strategies and plans supported by enabling activities are not necessarily well monitored once they have been put in place, and enabling activities have not necessarily resulted in improved country capacities.

Enabling activities are aligned with national priorities, GEF strategies, and convention guidance, but the link to convention guidance is less clear. The link between national reporting, supported by enabling activities, and the evolution of guidance is convention-specific. Where reports are technical in nature, and there is a review process in which their findings feed directly into convention outcomes, they have a greater influence. Where conventions are more politicized, such as in the UNFCCC, there is less room for national reporting to influence guidance.

EFFECTIVENESS

The original purpose of enabling activities has been fulfilled, but needs are changing over time, and the focus of enabling activity–supported projects is shifting. Over time there has been a shift beyond formal reporting to examining how enabling activities can be applied as a tool to support actual compliance. For example, UNCCD has shifted from helping countries to fill out reporting forms to capacity building on the use of land use planning tools.

Guidance has also become more precise. Reporting under conventions has influenced reporting under protocols such as in the Convention on Biological Diversity and its supplementary Cartagena Protocol on Biosafety and the Nagoya Protocol on Access to Genetic Resources. In climate change, the Paris Agreement has resulted in the phaseout of biannual update reports and the introduction of biennial transparency reports.

Enabling activities often contribute indirectly to the development of national policies/regulation. Stockholm Convention respondents noted that the national implementation plans, produced with enabling activity support, ensured a direct link between a chemical being listed and the introduction of new domestic chemical control laws, and that the ratification of the convention is a proxy for the development of national policies and laws. According to UNCCD, national action plans, produced with enabling activity support, have been directly applied in national decision-making processes, and have become policy documents that are verified at a high political level. In the case of the UNFCCC, nationally determined contributions (NDCs) are like national policies; they are a softer form of commitment or pledge to the convention. Countries are also seen as trying to mainstream NDCs in their national planning. Almost three-quarters of national adaptation programs of action (NAPA) reports clearly detail the ways in which NAPA priorities will be linked with existing national policies, plans, and strategies (GEF IEO 2020e).

For example, the MSP Greening Industry through Low Carbon Technology Application for SMEs [small and medium-size enterprises] (GEF ID 5725) in Thailand served a dual purpose: to implement aspects of national strategies developed under Thailand's enabling activities Third National Communication and Biennial Update Report to the UNFCCC (GEF ID 5370) while also contributing to national plans. The enabling activity played a part in the strategic development of the MSP project,

and the project also implemented national plans such as the third SME Promotion Master Plan, which supported SME sustainable growth. This suggests that enabling activities have the potential, through their contributions to larger projects, to contribute indirectly to implementation of national planning and policies.

Enabling activity–funded projects are used as inputs to the design of other projects. There is a direct link between enabling activities and the design of future projects. Between 77 percent and 85 percent of survey respondents agreed that convention reports are used as baselines or references for national planning and future projects (box 5.1).

Achievement of results is determined by resources, national capacity, and political will. A combination of factors affects the ability of enabling activities to achieve results. The main determinants are availability of resources; national capacity; and political will. The availability of information at the national level can also be a determinant of report quality. The conventions' quality assurance approaches are also having an impact; for example, after the Paris Agreement, there is now a verification process in place for national communications, so the quality of reports is improving.

EFFICIENCY

The approval process is considered efficient, but there are concerns about disbursement and implementation after approval. Umbrella arrangements face significant delays at two main junctures: during preparation, and during the disbursement phase. With regard to the former, a significant problem appears to be the difficulty of obtaining all operational focal point endorsement letters prior to submission for approval by the GEF. The umbrella approach can only move "as fast as the slowest player." Although enabling activity projects are supposed to be discrete and short, many do not finish

Box 5.1 Evidence of enabling activity support for additional project development

Madagascar. The Alignment of National Action Program to the UNCCD 10 Years Strategy and Preparation of the Fifth Reporting and Review process (GEF ID 4983) outlined key priorities for combating desertification; these were used to develop the MSP Participatory Sustainable Land Management in the Grassland Plateaus of Western Madagascar (GEF ID 5354) which, in turn, facilitated aspects of the national action program by (1) developing the capacity of policy makers and land users to manage land sustainably, (2) establishing an appropriate knowledge management system, and (3) implementing emergency measures to counteract land degradation.

Jamaica, St. Kitts and Nevis, St. Lucia, Trinidad and Tobago. The Development of Minamata Initial Assessment in the Caribbean (Trinidad and Tobago, Jamaica, St. Kitts and Nevis, St. Lucia) (GEF ID 9455) was successful in facilitating the ratification and early implementation of the Minamata Convention through the use of scientific and technical knowledge and tools by national stakeholders.

Thailand. The Support to Alignment of NBSAP with CBD Obligations and to Development of CHM (GEF ID 3307) identified a set of targets to be implemented by 2020, which were later addressed through Sustainable Management Models for Local Government Organizations to Enhance Biodiversity Protection and Utilization in Selected Eco-regions of Thailand (GEF ID 5726), which enabled a policy framework for mainstreaming biodiversity into development planning and budgeting. The Sustainable Management of Biodiversity in Thailand's Production Landscape (GEF ID 3940) and Catalyzing Sustainability of Thailand's Protected Area System (GEF ID 3517) both address the gaps in Thailand's protected area system identified as part of the NBSAP alignment.

on time. The processing and management of enabling activities is perceived to be not agile enough. Direct access was a good idea in theory, but it is too bureaucratic and cumbersome.

Ad hoc approaches to convention reporting do not necessarily lead to good quality work and may affect the quality of reporting outcomes over time. National planning processes should not be restricted to a six-month period before the submission of a report. A more sophisticated approach would be to consider the process of reporting as adaptive and ongoing, with a semi-permanent local team dedicated to the task.

The burdens on GEF Agencies are too high. GEF Agencies are required to subsidize the cost for delayed projects. The Agency fee does not cover extensions. The cost-prohibitive nature of managing enabling activities is one reason why many Agencies are not involved.

SUSTAINABILITY

Enabling activities contributed to sustainability through supporting the development of a strong enabling environment in recipient countries. For example, in Jamaica, enabling activities in the Development of Minamata Initial Assessment project helped to identify gaps or barriers to sustainable development and contributed to policies that are important for sustainability. The project was successful in facilitating the ratification and early implementation of the Minamata Convention through the use of scientific and technical knowledge and tools.

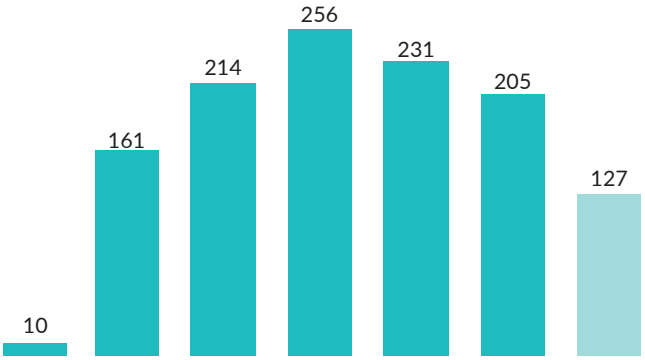
5.2 Medium-size projects

FSPs with over $2 million in GEF funds, dominate the GEF portfolio with approximately 87 percent of GEF grants; but MSPs occupy a special place in the GEF suite of approaches. The MSP was introduced in 1996 to promote rapid, efficient project execution by simplifying preparation and approval procedures, shortening the project cycle, and delegating responsibility for approving project proposals to the GEF Chief Executive Officer. Further, MSPs were intended as an expedited mechanism allowing a broader, more balanced representation of executing agencies and stakeholders to access GEF funds, including government agencies, national and international nongovernmental organizations, academic and research institutions, and private sector companies. Civil society organizations (CSOs) execute 18 percent of the MSPs. The number of MSPs and the associated GEF financing increased steadily since the introduction of the MSP modality until GEF-4. During GEF-5, with the increase of the MSP ceiling to $2 million in 2012 the number of MSP projects decreased halfway through the replenishment, while total financing for MSPs increased (figures 5.1 and 5.2).

PORTFOLIO

As of September 15, 2020, the GEF had 1,204 MSPs committing $1.24 billion in GEF grants[6] and $5.89 billion in planned cofinancing, accounting for 23 percent of all projects and 6 percent of GEF grants. The highest number of MSPs are in the biodiversity focal area, with 34 percent of projects and 33 percent of funding, closely followed by climate change mitigation with 29 percent of projects and 31 percent of funding. Based on a quality-at-entry review of about 700 projects, the evaluation team observed that project interventions both through MSPs and FSPs include a focus on institutional capacity (policy, legal, and regulatory frameworks), implementing strategies (technologies and approaches), and knowledge and information (skills building). However, a higher portion of MSPs focused on knowledge and information, particularly knowledge generation and awareness raising, while more FSPs focused on implementation of strategies, particularly on technologies and approaches and implementing mechanisms and bodies.

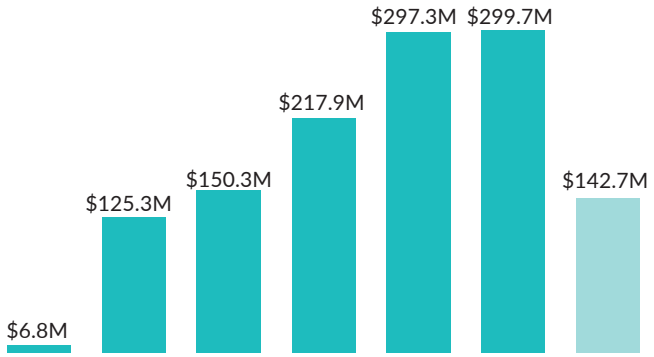
Figure 5.1 Number of MSP projects by GEF period



Source: GEF Portal as of September 15, 2020, excluding canceled or dropped projects.

Note: GEF-7 is not yet fully programmed.

Figure 5.2 MSP project financing by GEF period



Source: GEF Portal as of September 15, 2020, excluding canceled or dropped projects.

Note: GEF-7 is not yet fully programmed.

RELEVANCE

MSPs remain relevant to the GEF partnership. GEF Agencies and countries find the MSP is useful in piloting new approaches for scaling up and enhancing knowledge sharing. MSPs are relevant to their environmental goals. They are relevant for testing out new ideas, applying new science-based concepts or proof of concept in a pilot setting, or catalyzing new partnerships. Over the years, MSPs have also been shown to be glue that can hold large programs together, and this has especially been the case when the MSP focuses on coordination and knowledge sharing. Box 5.2 gives an example of how MSPs have been used with this aim in Armenia. MSPs have also been used to build proposals that could then be ready for investment fund support, such as the Land Degradation Neutrality Fund Technical Assistance Facility project (GEF ID 9900). MSPs also appear to have been useful for niche opportunities to

Box 5.2 Use of MSPs in Armenia

The GEF portfolio in Armenia is composed of 12 national FSPs and 11 MSPs, in addition to 14 regional and global interventions. Armenia has used GEF resources strategically through an MSP portfolio designed to generate environmental benefits at scale. MSPs have allowed GEF funds to be spread across several Agencies, all focal areas, including multifocal and several ministries, such as the ministries of nature protection, environment, agriculture, and economic development. MSPs have addressed a variety of areas ranging from forestry, hazardous waste management, entrepreneurship development, and environmental education to mainstreaming biodiversity. MSPs and FSPs often grew out of enabling activities, such as national implementation plans, national capacity needs self-assessments, and national biodiversity strategy and action plans.

In a country like Armenia with a relatively small GEF STAR allocation (Armenia's STAR allocation has been around $8 million in GEF-5, GEF-6, and GEF-7), MSPs, when used effectively, can achieve a lot. The Developing the Protected Area System (GEF ID 3762) generated a positive impact on protected area legislation in Armenia and enhanced general awareness of the need to protect systems under threat. The project achieved demarcation of the three new protected areas and prepared management plans and other protected area management requirements. The project also contributed to capability development of the relevant institutions.

meet demands, such as developing tools and analysis useful for the GEF or conventions to identify the best areas for interventions, as in the project Enabling the Use of Global Data Sources to Assess and Monitor Land Degradation at Multiple Scales (GEF ID 9163), which created the trends.earth platform.

The MSP modality is a good entry point into the GEF, particularly for the newer agencies and for addressing funding gaps for GEF Agencies and the countries they work with. MSPs are a useful entry point for testing and learning without the risks associated with larger FSPs, particularly for newer GEF Agencies. Agencies use them for risky projects that other donors are not necessarily prepared to support. The nongovernmental organization GEF Agencies indicated that MSPs fill a financing niche that is not attractive to other actors such as foundations, investment funds, and the broader private sector. MSPs will support risky projects where financial return is not necessarily immediately apparent, and because the scope of private investment tends to be narrowly defined. More CSOs are executing agencies for MSPs than for FSPs: 18 percent of MSPs are executed by CSOs compared with 4 percent for FSPs.

MSPs have been developed when rapid response is necessary, as with the COVID pandemic. The GEF approved a World Wildlife Fund project, Collaborative Platform for African Nature-Based Tourism Enterprises, Conservation Areas, and Local Communities as a response to COVID-19 (GEF ID 10625).[7] Projects like this reflect the common view across the GEF partnership of the MSP as a quick and agile modality. One-step MSPs have allowed Agencies to react quickly to opportunities to develop projects.

EFFECTIVENESS

GEF MSPs have performed well and are sustainable. GEF MSPs have performed as well as FSPs on most dimensions. Ninety percent of MSPs were rated in the satisfactory range on achievement of outcomes compared with 85 percent of FSPs. MSPs and FSPs are rated similarly on sustainability as well. FSPs rate slightly better on environmental and financial sustainability, while MSPs are rated slightly better on institutional and political sustainability. Strategic partnerships and stakeholder support are particularly important for the sustainability of MSPs (box 5.3).

MSPs deploy innovative approaches and have been a catalyst for scaling them up. A relatively new innovation has, for instance, been the use of blended finance in the effort to combat land degradation. The Piloting Innovative Investments for Sustainable Landscapes project (GEF ID 9719), implemented by UNEP, aims at "de-risking private finance in sustainable landscapes in

Box 5.3 Project sustainability in Vanuatu

In Vanuatu, the UNDP project Facilitating and Strengthening the Conservation Initiatives of Traditional Landholders and their Communities to Achieve Biodiversity Conservation Objectives (GEF ID 1682) worked with the Department of Forests in six provinces. An awareness process for the Penoru Community Conservation Area on the Santo Island started in 2006 with the Global Biodiversity Expedition, which brought much national and international attention. World Vision had its own project in the area and complemented the GEF project with a water supply system. At completion, the terminal evaluation rated the project's sustainability as moderately likely. After a field visit, it was upgraded to likely. After project completion in 2011, national stakeholders continued the work of the project. The communities continued with the promoted land use and management activities. Many of them still maintain the same practices. National stakeholders' ownership and project uptake were instrumental to its sustainability.

seven target landscapes in Brazil, Indonesia, and Liberia." The Land Degradation Neutrality Fund (LDNF) Technical Assistance Facility project (GEF ID 9900), is an attempt to mobilize private finance to pursue this goal. The fund invests in sustainable land use and land restoration projects that also deliver profitable returns to private investors, complemented by a technical assistance facility that aids capacity development. As of late 2019, the fund announced soft commitments of $100 million to $120 million from investors, with a final target size of $300 million. The facility received an MSP grant and another $4.9 million in donor cofinance.

Another example of an innovative MSP that was scaled up is the Global Cleantech Innovation Programme (GCIP) to accelerate uptake and investments in innovative cleantech solutions. The program started as a GEF-UNIDO Greening the COP 17 project in Durban (GEF ID 4514), was scaled up to a series of MSPs with a global coordination platform, and subsequently transformed into a global flagship program on cleantech for small and medium enterprises through the use of MSPs. A recent GEF IEO evaluation highlighted the program's relevance and results (GEF IEO 2018a).

In countries with stronger institutional frameworks, MSPs have proven to be best used for policy development. The Sustainable Urban Mobility Program for San José, an MSP in Costa Rica, provided the groundwork for the Plan Nacional de Decarbonización, Costa Rica's renowned National Decarbonization Plan (GEF ID 5838). It advanced local municipal efforts to make a unified urban transportation plan for Costa Rica's path toward a green economy. The capacity built in this project contributed significantly to developing the National Decarbonization Plan.

GEF support for the Cartagena Protocol on Biosafety provides capacity-building support to countries to implement the protocol. To date, it has helped 126 countries develop their National Biosafety Frameworks. Support for biosafety interventions has been predominantly delivered through GEF MSPs, which account for 71 percent of the GEF biosafety portfolio.

MSPs can bring about transformational change. GEF MSPs have achieved impact and transformational change with their focus on stakeholder inclusion, country ownership, and innovative designs. For example, the Uruguay Wind Energy Program, an MSP launched in 2007 (GEF ID 2826), succeeded in removing barriers to developing commercially viable wind energy investments and creating an enabling policy framework for wind energy. By project closure, a transparent market for wind power was created and delivered 990 MW by December 2015, far exceeding project goals and converting wind power into a major energy source for the country.

EFFICIENCY

Despite these successes, there are concerns as to whether the administrative structure of the MSP modality allows for genuine innovation. Concerns have been raised about the impact of the System for Transparent Allocation of Resources (STAR) on the uptake of MSPs, and the related problem of crowding out. The STAR significantly affects the choice of GEF modality for GEF Agencies and countries. This issue is amplified when donors are in competition with each other for the attention of country clients. In situations such as these, some interviewees thought of MSPs as an option for countries to use when there is "leftover" STAR.

The GEF MSP modality approval process is efficient for the one-step MSP. Developing and implementing two-step MSPs often requires the same process as FSPs. The approval process of the GEF MSP, specifically the one-step MSP, is streamlined compared with GEF FSPs. However, the amount of effort required to develop a proposal, administer, and monitor an MSP project is not very

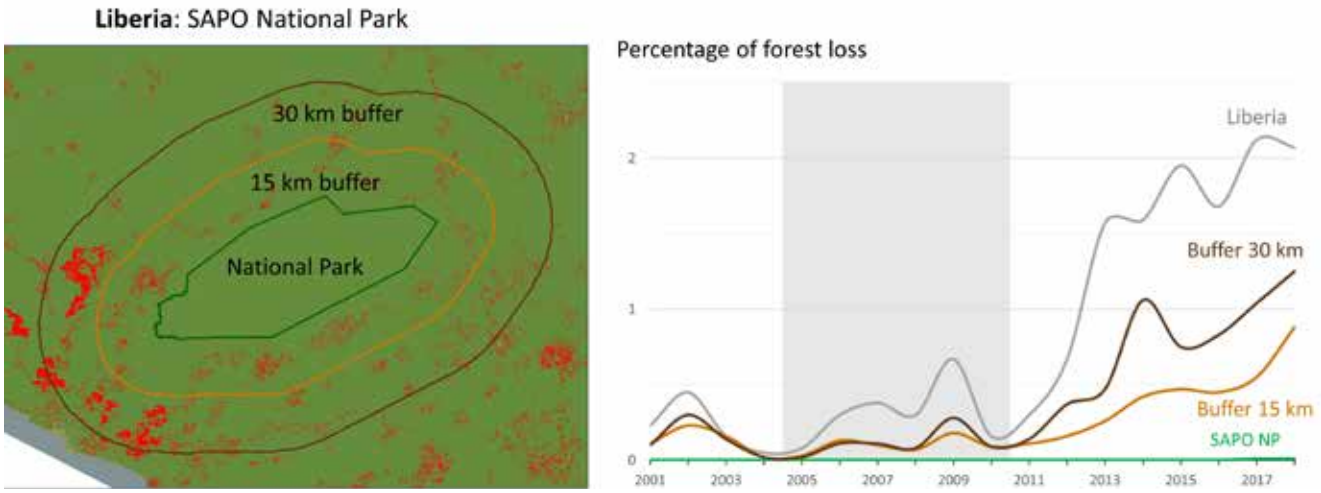
different from that required for an FSP. The multilateral development banks have indicated that MSPs are less useful than they were in the early days of the modality, partly because of the high transaction costs during project preparation and implementation and numerous processing requirements. By contrast, the UN and CSO GEF Agencies have made significant use of the modality and consistently appreciate its availability. Developing innovative and transformational MSPs may require increased processing and monitoring and evaluation, which may be justified. However, in terms of monitoring, midterm reviews for MSPs are optional and consequently may be a missed opportunity for learning, particularly for those MSPs designed to be innovative or transformative.

The $2 million limit seems appropriate for smaller agencies and countries. The larger multilateral development bank GEF Agencies think of the MSP as small, and this affects their perception of its usefulness and potential effectiveness. The multilateral development banks suggested that the upper limit be raised. However, the same view is not necessarily held by the smaller GEF Agencies, which have managed to find a niche for MSPs. One argument against increasing the funding limit is that executing agencies are already possibly overreaching the $2 million financing ceiling. Extending it might blur the lines between the MSP and FSP modalities.

SUSTAINABILITY

The catalytic changes produced by MSPs have been sustainable when designed for sustainability, with government buy-in, stakeholder engagement, and financial follow-up. For example, GEF-supported programming in postconflict Liberia illustrates the catalytic potential of GEF programming in situations affected by conflict and fragility. A GEF MSP in Liberia (in Sapo National Park), implemented between 2005 and 2010, played an important role in scaling up efforts in the forestry sector. The terminal evaluation of the project deemed the project successful in biodiversity conservation, protected area management, and community engagement despite being implemented after a decade and half of civil instability. The project had a leveraging effect and opened the way for subsequent investments in forest conservation and wildlife management. The remote sensing analysis as seen in the flat line (figure 5.3), shows almost zero forest loss within the park boundary over a period even beyond

Figure 5.3 GEF's catalytic role in Liberia's forest sector



Source: Satellite data from UMD, GEF IEO.

the project duration. This illustrates how conservation success initiated during the project has been sustained beyond the project time frame. In contrast, forest loss outside the Sapo National Park and in the rest of Liberia increased phenomenally during the same period.

5.3 The Small Grants Programme

The GEF created the SGP in 1992 with the explicit aim of developing community-led and -owned strategies and technologies for reducing threats to the global environment—notably in connection with biodiversity loss, mitigating climate change, land degradation and protecting international waters, and chemical and waste management—while addressing livelihood challenges. The SGP is a GEF corporate program implemented by UNDP under the direction and supervision of the GEF Council and an SGP Steering Committee which is the main decision-making body of the SGP. Overall, the SGP portfolio represents 6 percent of the overall GEF portfolio. Since GEF-3, the proportion of SGP against the overall GEF portfolio is stable at about 6–7 percent (table 5.4). The SGP share of the UNDP-GEF portfolio has fluctuated between 12 and 19 percent over the years.

PORTFOLIO

Since startup, the SGP has supported 25,117 small grants. The number of participating countries has grown from 11 to 126 (UNDP 2020). The number of projects and grants awarded by the SGP has grown considerably over the successive replenishment periods, as can been seen in table 5.5, from the pilot phase, 1992 to 1996, when only 33 countries delivered a total of $10 million, to the latest operational phase (OP6) when 125 countries delivered over $96 million. Total GEF and other donor funds is $684.8 million. In addition, over $837.2 million have been mobilized to cofinance these community-based SGP projects at the country level. The growth is marked for countries under "special

Table 5.4 SGP share of the GEF portfolio by GEF replenishment period (GEF Trust Fund only)

GEF period	GEF funding approved for SGP[a] (million $)	UNDP portfolio of GEF projects (million $)	SGP share of UNDP-GEF portfolio (%)	Overall GEF portfolio (million $)	SGP share of overall GEF portfolio (%)
Pilot phase	13.00	255.86	5	695.79	2
GEF-1	25.94	373.42	7	1,061.47	2
GEF-2	76.93	644.59	12	1,847.06	4
GEF-3	171.49	1,109.18	15	2,967.43	6
GEF-4	175.23	1,115.63	16	2,827.82	6
GEF-5	308.38	1,602.51	19	4,150.88	7
GEF-6	217.98	1,379.69	16	3,696.82	6
GEF-7	213.76	841.69	25	2,676.17	8
Total	1,202.71	7,322.57	16	19,923.44	6

Source: GEF Portal.

Note: The cut-off date for GEF-7 is December 31, 2020. The UNDP portfolio of GEF projects refers to GEF projects with UNDP as the lead Agency. Financial figures include GEF grants, Agency fees, and project preparation grants. GEF funding approved for SGP includes core funding, STAR resources, and Resource Allocation Framework (RAF) resources.

a. Includes global program and upgraded country programs.

Table 5.5 SGP growth: number of participating countries, grants awarded, and cofinancing

Operational phase	Number of countries	Number of projects	Grant amount (million $)	Cofinancing in cash (million $)	Cofinancing in kind (million $)	Cofinancing total (million $)
Pilot phase	33	602	10.63	5.16	6.66	11.82
OP1	45	877	15.21	10.66	8.00	18.66
OP2	73	4,489	96.10	69.62	83.77	153.39
OP3	101	3,205	78.17	63.27	58.63	121.90
OP4	122	4,611	128.81	81.41	77.40	158.81
OP5	128	7,077	227.49	118.28	159.91	278.19
OP6	125	3,130	96.26	35.23	55.30	90.53
Total		23,991	652.67	383.63	449.67	833.30

Source: UNDP 2020.

Note: OP6 is still under implementation; thus the number of projects and amount do not provide the full picture of the programme cycle.

circumstances" (LDCs, SIDS, or countries in a fragile state). The number of participating LDCs and SIDS has increased from 37 in 2007 to 85 in 2020 (UNDP 2020).

Currently, 110 countries are in the SGP global program and 16 are upgraded countries. During GEF-5, countries with the longest-standing and most mature SGP country programs were transitioned to a new funding mechanism "(upgraded) to enable the SGP to continue to expand and serve low-income nations without concomitant growth in core funding." Country programs in upgraded countries are funded through full- or medium-size projects from STAR funds of their respective country.

Biodiversity projects have constituted the largest share of the SGP portfolio, followed by climate change projects (including adaptation, which is supported through cofinancing) and land degradation projects. Most are multifocal. These three SGP project areas constitute 81 percent of the total number of projects and 82 percent of the total grant budget.

In recent strategies, the SGP places emphasis on supporting innovation and scalable initiatives at the local level to tackle global environmental issues in priority landscapes and seascapes. This approach generates ecological, economic, and social synergies that will produce greater and potentially sustaining global environmental benefits, as well as increased social capital and local sustainable development benefits. The program is targeting support to LDCs and SIDS and empowering local communities, with attention to gender equality and women's empowerment.

RELEVANCE

The SGP is very relevant and coherent with the GEF's mandate and with the needs for action at all levels to accelerate sustainable development. This relevance extends to the SGP as an operational modality within the GEF family and as a financing mechanism for CSOs. As a program that provides funds to organizations which are traditionally excluded from development assistance and participation in global environmental efforts, the SGP continues to address environmental and social issues that are at the forefront of development efforts. The combination of environmental, social, and economic benefits of the SGP contributes greatly to maintaining local relevance.

The SGP remains relevant to countries' economic and environmental priorities and their responsibilities to the conventions. The SGP contributed to key aspects of national biodiversity strategy and action plans and national action plans to combat desertification (Algeria, Cabo Verde, Democratic Republic of Congo, and Guatemala). Also, the SGP supported national reports to the CBD and national communications to the UNFCCC. Box 5.4 gives an example of an SGP project relevant to the national and, ultimately, the global context in Argentina.

The SGP is also aligned with GEF focal area strategic priories. For example, in the biodiversity focal area, the SGP focused on engaging communities to mainstream biodiversity conservation and sustainable use across sectors as well as landscapes and seascapes. In the climate change focal area, in GEF-5 and GEF-6 the SGP contributed to promoting energy efficiency and renewable energy, as well as promoting conservation and enhancement of carbon stocks through sustainable management of land use, land use change, and forestry. In GEF-7, the SGP is working on promoting innovation

Box 5.4 Yaguareté conservation in Argentina: SGP relevance to national priorities—acting locally impact globally

At the beginning of the 20th century, the distribution of Yaguareté (jaguar) reached as far as Argentine Patagonia. The loss of its habitat and hunting, among other threats, caused its distribution to be reduced by 95 percent, leaving fewer than 250 individuals currently in the wild, confined to fragments of the eco-regions of the Paranaense Forest, Chaco, and the Yungas Forest.

The Ministry of Environment and Sustainable Development created the National Plan for the Conservation of the Yaguareté, an initiative to raise awareness and a call for action for its conservation. Various strategies were included in the plan, such as anti-predation measures, interventions to reduce the hunting of the Yaguareté, innovative projects, and the use of new technologies. In parallel, economic initiatives were established, such as alternatives for local communities that contribute to the long-term survival of the Yaguareté, including compensation fund schemes, insurance, ecotourism, and others.

The SGP responded to this call through its Innovation Programme on Big Cats Conservation by providing grants within the scope of the plan. The SGP supported the implementation of livestock management initiatives, which prevents the Yaguareté from entering livestock farms' production areas. The successful implementation of this system allows the Yaguareté's coexistence with livestock, especially cattle. This is a crucial step that is needed for the Yaguareté to move around its habitat, which supports the population gene flow, vital for its population's survival. One of the SGP-funded projects, executed by the Red Yaguareté (Jaguar Network) works in this area together with the Ministry of Ecology of Misiones province to monitor the Yaguareté population in Salto Encantado Provincial Park surroundings and has reported zero predation for 2019.

On January 27, 2020, in recognition of the relevance of the SGP project to the national priority, the Minister of Environment and Sustainable Development, Juan Cabandie, with the Resident Representative of UNDP, René Mauricio Valdés and the Governor of the Province of Misiones, awarded the SGP certificates of recognition to the five civil society organizations that executed the Yaguareté conservation projects in the Salto Encantado Park, Misiones. Not only is the project in line with national priorities, but by working on the local population of Yaguareté, it has affected the whole population in the Americas.

Source: GEF IEO Argentina country case study (GEF IEO and UNDP IEO 2021).

and technology transfer for sustainable energy breakthroughs. In the land degradation focal area, the SGP supported agro-ecosystem services to sustain the livelihoods of local communities during GEF-5 and GEF-6. In GEF-7, the SGP is contributing to meeting the land degradation neutrality target through supporting national sustainable land management interventions.

The disadvantages and risks of the upgrading process outweigh its short-term financial advantages. The decisive factor in adopting an upgrading policy in the SGP 5th Operational Phase was the inability (or unwillingness) of the GEF replenishment to provide increased resources to the SGP that would align with requirements for expansion and programmatic development. Although the country upgrading process succeeded in enabling most upgraded countries to access greater financial resources, the process transfers the funding pressure from the corporate level to the individual country's STAR allocations. Additionally, the upgrading policy and the discourse around upgrading have tended to make assumptions about civil society capacity and the ability of countries to generate global environmental benefits aligned with their upgraded status; these benefits do not always materialize.

EFFECTIVENESS

In characterizing the results that have been delivered by the SGP as a whole, the SGP country programs report results as an aggregation of grant-level results. Each individual grant (regular grants at $50,000 maximum, strategic grants at $150,000 maximum) yields a small level of results and it is only in the geographic and time-scale aggregation that one begins to see the extent to which the SGP is effective in its intended purpose.

The SGP has been consistent in its delivery of environmental results at local, national, and global levels and in generating economic and social benefits. The SGP's inclusive, demand-driven, and innovative nature contribute to its effectiveness at the local level. It also helps translate local action to global environmental benefits. Importantly, the SGP benefits from high levels of ownership, visibility, and credibility—a form of social capital that can be both celebrated and built upon.

Results have improved steadily across the SGP portfolio. High levels of ownership, the dedication of national teams, the space for innovation and partnership, and the use of a landscape and/or seascape approach to grant distribution are the key factors influencing achievement of results. It should be noted that, given the small scope and short duration of interventions, many of the results are indirect, where SGP stakeholders "influence" a set of outcomes. The SGP Report Card and annual monitoring reports, which compile program-level results for the various periods, note the following key results. In the biodiversity focal area, the SGP reports an average of 1,046 significant species conserved annually and more than 2,200 protected areas and indigenous and community conserved areas since 2014. In terms of climate change, 44,106 households benefited from energy access, and under the land degradation focal area, the SGP has reached more than 1.6 million people with the demonstration of sustainable land and forest management practices. Between 2017 and 2019 230,000 hectares of land were brought under sustainable management. The use of the landscape and seascape approach has also led to the protection of 5,713 hectares of seascapes under sustainable management in 2019–20. Finally, over the period 2014–19 the SGP eliminated 7,640 tons of land-based pollution in marine ecosystems, as well as 56,819 tons of solid wastes "avoided from open burning."

The nine countries with the longest-standing and most mature SGP country programmes were transitioned to implement upgraded country programs during GEF-5. Since then, six additional countries upgraded in GEF-6,

and Malaysia recently upgraded in GEF-7. All of the 12 completed FSPs and MSPs in the upgraded country program portfolio reported positive environmental outcomes in terminal evaluations in the form of increased area of landscape under improved management, totaling 2.2 million hectares. Six projects reported greenhouse gas emissions mitigation of 33.8 million metric tons. Five projects contributed to forest restoration and increased vegetation cover, reaching 15,500 hectares. Other achieved environmental benefits include improved management of protected areas, species conservation, increased area under marine conservation, and reduced soil erosion.

As a demand-driven program that delivers funds to CSOs, and because it allows for controlled risk -taking by organizations that have little capacity or that have been excluded for other reasons, the SGP is uniquely placed to act as a promoter of technical, institutional, and social innovation. In many respects, the SGP has acted as the GEF's CSO-focused green venture capital mechanism. The experience of the SGP over the past decades can be leveraged as a unique mechanism for small grant delivery and community-based solutions (box 5.5), particularly at a time when many donors feel less confident about small grants mechanisms, and when the quest for operational efficiencies through

Box 5.5 The SGP as an innovation lab for tackling emerging social issues in Egypt.

To enable the transition toward a more diversified energy mix and an increased share of renewables, the government of Egypt launched several substantive financial and regulatory energy reforms in 2014. These included a stepwise reduction in fuel subsidies and later the removal of its fuel-related energy subsidies under the International Monetary Fund–supported economic reforms package.

The removal of state fuel subsidies resulted in an upsurge of prices for all electricity consumers, including residential, commercial, and industries. Prices of petroleum products used for agriculture and transport also increased. The SGP intervened in this critical timing with community-based solutions such as LED lamps, biogas, and rooftop photovoltaic.

An example of these community-based solutions is the installation of biogas units. In rural areas, women stand in long queues to purchase butagas (liquefied petroleum gas) cylinders used for cooking. SGP projects were implemented during a period of political instability in Egypt, when there were severe shortages of butagas cylinders. The SGP projects included installing biogas units that produced sustainable clean energy and organic compost from cow manure (alternative to chemical fertilizer) that led to economic savings. The project also provided temporary job opportunities for local communities and raised awareness on the efficient use of farm resources such as cow manure and agricultural waste.

Another example was the installation of energy-saving lighting and solar photovoltaics. The project increases the community's capacity in Qena Governorate to use solar photovoltaics on rooftops, reduces energy use in lighting, and maximizes the use of energy generated by installing and increasing the number of LED lamps in households. These become cost-effective measures after the government decision to gradually remove energy subsidies, increase electricity tariffs, and introduce the net metering scheme. The project generated economic savings for residents and self-reliance through renewable energy, especially in the frequent power outages that occurred during this period.

The SGP's sensitivity to current environmental issues and its flexibility as a small grant mechanism allowed it to respond to a burgeoning social and environmental issue.

Source: GEF IEO Egypt country case study (GEF IEO and UNDP IEO 2021).

large programmatic approaches leads to the exclusion of small local voices. This experience could be leveraged to a bigger scale within the broader GEF partnership.

The SGP has been recognized by numerous organizations and earlier evaluations (including OPS6) for its work in promoting inclusion of segments of society that would not otherwise have had the opportunity to participate in environmental sustainability efforts. The GEF SGP also allows for flexible disbursement terms to cope with indigenous peoples' culture, customs, and seasonal movements (UNDP 2016). There has also been a trend toward improvement in the inclusion of gender-sensitive standards, and there is general agreement that the SGP's efforts to integrate gender equality and women's empowerment contribute to global environmental benefits overall (box 5.6).

EFFICIENCY

The governance structure of the SGP is complex, and the upgrading process has complicated the lines of accountabilities even further. In upgraded countries, the upgrading process has been the creation of multiple lines of accountability and reporting, which tend to increase the transaction cost of managing an SGP, while increasing the risk of political interference. One of the strongest assets of the SGP is the national-level steering committee and coordinators, which collectively act as engines for the program's progress at the local level. However, national steering committees and national coordinators have insufficient support to enable the SGP to tap into more of its current social capital and leverage additional partnerships at the national level to support broader adoption. At the global level, the relationship between UNDP, GEF, the Central Program Management Team, and the United Nations Office for Project Services, as well as the responsibilities and accountabilities among these key stakeholders, remain ambiguous.

Box 5.6 Gender-related results in the SGP: Women as early adapters

The role of grandparents, especially grandmothers, in Sub-Saharan Africa, as caregivers in a household is well documented. This role of caregiving, especially to grandchildren, stems from the economic pressure felt by a family that forces the mother or father to migrate for work, or in some cases, because children were orphaned by the HIV-AIDS pandemic.

In collaboration with the Barefoot College, South-South cooperation through project grants was funded by the SGP. The Grandmothers in Solar Energy project was established, promoting the use of solar energy. The project helped families get lighting to their homes, especially benefiting children, who need to study at night. The project had health outcomes from less use of gas lamps and resulted in savings. The project also reduced greenhouse gases. It was lauded by government partners and local leaders and received the Innovation in Africa 2015 Award by UNDP's Innovation in Africa program located in Addis Ababa, where the African Union is headquartered. The project evolved to have a Center-South region at Nobili, at the Regional Training Center for Grandmothers, to receive women from Benin, Burkina Faso, Côte d'Ivoire, Ghana, Mali, Niger, and Togo.

Source: GEF IEO Burkina Faso country case study (GEF IEO and UNDP IEO 2021).

The improvements in efficiency at the global program level have been weakened by challenges in upgrading countries. Management of the project cycle for both the global program and upgraded countries has improved; however, the upgrading process has transferred a larger number of operational risks and transaction costs to developing countries, which has led to delays, suboptimal M&E, dissatisfaction with the operational challenges, and, sometimes, competition or conflicts related to priorities for resource allocation.

The improvements made to the SGP's overall M&E framework have been significant, and continued Investment to leverage the benefits is important. Currently the M&E system does not provide sufficient granularity in the tracking of grants and grantees to support targeting of beneficiaries and to measure CSO capacity and maturity. M&E protocols and processes related to the global program and upgraded country programs, and the inherent complexities of the rolling modality, are not yet fully harmonized with GEF monitoring requirements. There has been a trend toward improvement in the inclusion of gender-sensitive standards, but the effectiveness of measures implemented is still not at its fullest potential.

SUSTAINABILITY

There continue to be challenges to the long-term sustainability of SGP projects. The measurement of sustainability in the SGP is not sufficiently nuanced to capture the nature of the work. In cases where the SGP is offering first proof-of-concept financing or working with newly constituted organizations, sustainability expressed in strict terms of continued project outcomes is insufficient. Additionally, the low capacity of project participants, the limited duration of the grants, and the difficulties grantees face in securing long-term funding for continuation of SGP activities have affected sustainability. In some cases, the introduction of larger strategic grants was used to replicate and scale up previous work, but this has yet to be systematized. In 21 countries assessed, 33 percent of the projects face a moderate risk to sustainability, while another 16 percent face a higher risk.

There is an increasing trend toward broader adoption of SGP projects, but the main avenues for leveraging impact through the SGP require additional investment. During 2014–19, as reported by the Annual Monitoring Report 2019–20, an average of 14 percent of projects had been scaled up or replicated. One avenue to broader adoption is through the mobilization of follow-up grant financing, either through UNDP's general programming, continued GEF programming, or other donors (box 5.7).

5.4 Summary

The three approaches discussed in this chapter—the enabling activities, MSPs, and the SGP—were established in the mid-1990s and have evolved over time; each has played a specific and important role in the GEF suite of instruments since the mid-1990s. They have met their intended objectives and with process improvements, these instruments can be further leveraged to enhance impacts.

The clear purpose of enabling activities has been to fund the preparation of reports, plans, strategies, and assessments, as part of reporting requirements of conventions. This important role should clearly continue. However, the focus of enabling activity–supported projects is changing; and while the approval process is efficient, there are clear inefficiencies in how the processes of disbursement and implementation are carried out. Unlike programs of similar size such as the SGP, enabling activities are not operationalized through a strategic and programmatic approach; they would benefit from a more strategic and systemic approach, such as one, for example, where a country would submit one proposal to the GEF that would cover all convention reporting needs over a five-year cycle or would otherwise coincide with a GEF cycle. The GEF should engage with a broader range of implementing Agencies and explore efficiency gains in the processing and management of enabling activities.

MSPs have played an instrumental role in encouraging innovation in the GEF. They appear to be most effective when they (1) are applied to risky projects that test new approaches and leverage more traditional forms

Box 5.7 Scaling-up of SGP projects

In Samoa, the integration of the landscape/seascape approach into its projects has been successfully aligned and adopted in GEF FSPs.

Strengthening Community Resilience through Integrated Sustainable Landscape Management in Uafato (WSM/SGP/OP5/Y6/CORE/LD/2017/32), which received a $40,000 SGP grant and was completed in 2018. The overall goal of the project was strengthening community resilience through integrated sustainable land management (both soft and hard solutions) to protect village livelihoods and households' physical assets and thus the village's capacity to adapt to the effects of increasing weather variability, frequency of extreme events, and longer-term climate change.

Liua le Vai o Sina Ridge to Reef Conservation Project Phase II (WSM/SGP/OP5/Y5/CORE/BD/2017/15) received a $35,000 SGP grant and was completed in 2019. The main objective of the project was to conserve and rehabilitate the degraded biodiversity in one of the most critical landscapes of Upolu Island through establishing a sanctuary at the Falease'ela village terrestrial ecosystems.

The achievements and lessons learned from these two SGP-funded initiatives can be seen in several GEF FSPs, including the recently completed GEF-5 FSP, Strengthening Multi-sectoral Management of Critical Landscapes in Samoa (2014–19) (GEF ID 4550). It was the first community-based attempt to integrate sustainable management across production systems at landscape scale, reducing land degradation and carbon emissions while promoting restoration and conservation of ecosystems to secure biodiversity and sustain local livelihoods.

More recently, the development of the integrated project submitted under GEF-7 in 2019 with an indicative budget of $3.5 million and cofinancing of $20 million builds on the outputs achieved under these two SGP initiatives as well. The project is called Enhancing Integrated Sustainable Management to Safeguard Samoa's Natural Resources; its overall objective is to equip and empower local communities to safeguard Samoa's indigenous species, natural ecosystems, and food production systems from invasive alien species and unsustainable land use practices. The project will provide an opportunity to demonstrate how catchments can be sustainably managed in a holistic and integrated manner across the full spectrum of stakeholders (agriculture, fisheries, and tourism), while focusing specifically on safeguarding the natural functioning of terrestrial, aquatic, and marine systems as well as food production systems.

Source: Country case studies (Samoa) (GEF IEO and UNDP IEO 2021).

of capital, (2) are integrated into a larger intervention, or (3) are supporting targeted research of global or regional importance, such as the Arctic, finance governance, SME nature-based entrepreneurship, and health and the environment. As such the MSP should continue to be primarily used for developing innovative projects, and should be systematically monitored and evaluated, to provide lessons for scaling up or replication. Reducing the administrative requirements for the two-step MSP approval process would make the MSP attractive to all GEF Agencies.

The SGP continues to be highly relevant to the GEF partnership, UNDP, and local partners. As a global program that channels GEF and non-GEF resources to civil society and community-based organizations, it is unique and the only window through which small-scale, local organizations can access GEF resources. It has been consistent in contributing to social and environmental benefits in all the countries where it is present. In fact, the SGP's additionality is defined more by its engagement with local partners, rather than in technologies or approaches it promotes. However, program

benefits could be further enhanced with clarity on the strategic vision, simplification of the governance structure and lines of accountability, and improvements in the upgrading process.

NOTES

1. Though grants are to a maximum of $50,000, in practice the average grant amount is approximately $25,000. Through a strategic projects window, grants up to $150,000 are provided to better enable scaling up and to cover a larger number of communities within a critical landscape or seascape. As of March 2021, 81 active projects have a budget of more than $50,000.
2. "Types of Projects," GEF website.
3. This amount includes project preparation grants but excludes Agency fees.
4. Planned cofinancing is reported because actual cofinancing is only reported on for closed projects with terminal evaluations in the annual performance report database. For consistency, this evaluation reports on planned cofinancing unless otherwise stated.
5. Based on 544 enabling activities and 119 umbrella arrangements between GEF-4 and GEF-7.
6. This amount includes project preparation grants but excludes Agency fees.
7. The objective of GEF ID 19625 is "to create an independent collaborative platform where resources and tools are centralized to facilitate and streamline ongoing communication at all levels in linking COVID-19 financial relief and stimulus products with local nature-based tourism enterprises and beneficiary communities affected by the spread of COVID-19."

CHAPTER 6

INTEGRATED PROGRAMMING

6.1 History of integration in the GEF

Today's environmental challenges are complex, interlinked, and systemic in nature and cannot be addressed in isolation. Further, environmental issues are also closely related to human health, poverty reduction and economic development. Designing solutions to address one particular environmental issue may result in unintended negative consequences—or create new environmental or socioeconomic problems (GEF STAP 2018). For example, increasing food production unsustainably can deplete soils, waste water, kill pollinators, and increase desertification and deforestation. Taking an integrated approach can produce well-designed interventions that recognize the interrelationships between the various environmental factors, as well as between human and natural systems.

Integration has been central to the GEF since its inception and its importance has been increasing. Integration was built into the design of the GEF in 1992, and one of the original GEF operational programs was the integrated land and water Operational Program 9 (OP9). By GEF-2 and in line with contemporary research, the GEF realized that siloing of focal areas as per the conventions it has served was likely inhibiting the realization of multiple global environmental benefits (GEF 2005b). In GEF-4, it created multifocal areas, "where achievements of benefits in one focal area leads to increased benefits in another" (GEF IEO 2017c). Since then, the GEF has been on a clear path of integration, expanding its portfolio of multifocal projects, through to the integrated approach pilots (IAPs) of GEF-6, where the

GEF further consolidated its emphasis on integration to address the main drivers of global environmental degradation, and to the impact programs of GEF-7.

Over the last seven years in particular, programmatic planning has been undertaken with ever greater intentionality across focal-area silos. The Results Framework of GEF-7 contains a list of 11 core indicators and associated subindicators that span the core focal areas, such that any one project can contribute to several indicators, though funding allocations may be geared to single focal areas (GEF 2019a). Changes in GEF financing over recent replenishment periods have also reflected this trajectory of integration. About 31 percent of GEF-6 resources were dedicated to the IAPs; this increased to 37 percent in GEF-7.

Previous IEO evaluations have highlighted the importance of pursuing integration and addressing the challenges of its implementation. The OPS6 report recommended a continued focus on integration: "The GEF should continue pursuing an integrative principle in its programming based on scientific and technical merits. A strong, cogent rationale for designing integrated programs and multifocal area projects—based on demonstrated additionality, GEF experience, GEF comparative advantage, innovative contributions, environmental need, and national relevance—must be the basis for such interventions" (GEF IEO 2018f). The IEO evaluation on programmatic approaches found that projects under programmatic approaches outperformed stand-alone projects (GEF IEO 2018b). They were better and more coherently designed, although their efficiency declined as complexity increased. The IEO evaluation on multiple benefits found that multifocal area integration can enhance synergies when project design integrates additional types of benefits (e.g., socioeconomic benefits) and when joint decision making among sectors and actors is in place (GEF 2017c). In 2017, the IEO assessed the relevance and coherence of the design of IAP programs with GEF-6 focal area strategies, their alignment with convention guidance, and their capacity to reflect synergies in delivering focal area strategies while accounting for country needs and ownership (GEF IEO 2018d).

This chapter presents an assessment of the early results of the IAPs and design and process elements of impact programs. With the increasing prominence of integration in the GEF portfolio, and its potential in helping countries on the path to a greener recovery by addressing the interrelationships between human and natural systems, the GEF IEO assessed the IAPs' early results and lessons and the design of the GEF-7 impact programs, which forms the basis for this chapter (GEF IEO 2021f).[1]

6.2 GEF portfolio of integrated programs

The GEF integrated approach was officially launched during GEF-6 with three IAP programs. Designed to test a new dimension of programming that emphasized "integration" as the organizing principle for GEF financing, three programs were structured around major drivers of global environmental degradation. Two programs were global, one focusing on urbanization (the Sustainable Cities IAP) and one on commodity-driven deforestation (Taking Deforestation out of Agricultural Commodity Supply Chains, also referred to as the Good Growth Partnership IAP). A third program centered on sustainability and resilience for food security in drylands in Sub-Saharan Africa (the Resilient Food Systems IAP). GEF financing for these programs was not siloed by focal area, but was designed with the intention of being invested in a coherent manner to promote synergies in generating multiple global environmental benefits, while ensuring that progress in any dimension of the global environment does not negatively affect other related socioeconomic objectives (box 6.1).

Box 6.1 GEF IAP objectives

The Sustainable Cities IAP aims to "promote among participating cities an approach to urban sustainability guided by evidence-based, multidimensional, broadly inclusive planning processes that balance economic, social, and environmental resource considerations" (Sustainable Cities IAP program framework document).

The Resilient Food Systems IAP is intended to "[s]upport countries in target geographies for integrating priorities to safeguard and maintain ecosystem services into investments improving smallholder agriculture and food value chains" (RFS IAP program framework document).

The Good Growth Partnership IAP is focused on "[reducing] the global effects of agriculture commodities expansion on greenhouse gas emissions and biodiversity by meeting the growing demand for palm oil, soy, and beef through supplies that do not lead to deforestation" (GGP IAP program framework document).

Box 6.2 GEF impact program objectives

The Sustainable Cities Impact Program aims to "support cities pursuing integrated urban planning and implementation that delivers effective development outcomes with global environmental benefits" (Sustainable Cities Impact Program program framework document).

The Food Systems, Land Use, and Restoration (FOLUR) Impact Program is intended to "promote sustainable, integrated landscapes and efficient food value and supply chains at scale" (FOLUR Impact Program program framework document).

The Amazon Sustainable Landscapes Impact Program is intended to "improve integrated landscape management and conservation of ecosystems in targeted areas in the Amazon region" (Amazon Sustainable Landscapes Impact Program program framework document).

The Congo Basin Sustainable Landscapes Impact Program is intended to "catalyze transformational change in conservation and sustainable management of the Congo Basin through landscape approaches that empower local communities and forest-dependent people, and through partnerships with the private sector" (Congo Basin Sustainable Landscapes Impact Program program framework document).

The Drylands Sustainable Landscapes Impact Program is intended to "avoid, reduce, and reverse further degradation, desertification, and deforestation of land and ecosystems in drylands through the sustainable management of production landscapes" (Drylands Sustainable Landscapes Impact Program program framework document).

The GEF-7 programming documents built on the early lessons generated by these pilots to fully roll out the GEF integrated approach in a set of full-scale impact programs. These include a program focusing on sustainable urban development, one on transforming food and land use systems, and three focusing on sustainable forest management in the Amazon, the Congo Basin, and selected drylands around the world (box 6.2).

About 18 percent of GEF-7 funding is invested in a series of impact programs. Table 6.1 provides an overview of impact program funding.[2]

Building on the themes in the Resilient Food Systems (RFS) and Good Growth Partnership (GGP) IAPs from GEF-6, the Food, Land Use, and Restoration (FOLUR) Impact Program seeks to transform food and land use systems and help countries reconcile competing social, economic, and environmental interests by moving away from unsustainable sectoral approaches.

Table 6.1 IAP and impact program overview

IAP/program	Lead Agency	No. of Agencies	No. of child projects	No. of countries	GEF Trust Fund financing (million $)	Cofinancing (million $)
IAP						
Resilient Food Systems	IFAD	7	13	12	116	786
Good Growth Partnership	UNDP	5	5	4	44	263
Sustainable Cities	World Bank	8	12	11	150	2,419
Impact program						
FOLUR	World Bank	8	28	27	346	2,794
Sustainable Cities	UNEP	4	10	9	160	1,689
Amazon Sustainable Landscapes	World Bank	8	8	7	96	509
Congo Basin Sustainable Landscapes	UNEP	4	7	6	62	387
Drylands Sustainable Landscapes	FAO	4	12	11	104	809

Source: GEF Portal.

Note: FAO = Food and Agriculture Organization of the United Nations; IFAD = International Fund for Agricultural Development; UNDP = United Nations Development Programme; UNEP = United Nations Environment Programme. IAP financial figures are based on child project financing data, including Agency fees. Total impact program funding is from each program's Council-approved program framework document.

The Sustainable Cities Impact Program builds on the GEF-6 Sustainable Cities IAP, seeking to promote sustainable urbanization in more cities and countries. It further incorporates biodiversity conservation and nature-based solutions on a metropolitan scale.

Three sustainable forest management (SFM) impact programs expand GEF support from individual countries, an approach applied to precedent SFM programs in GEF-4 and GEF-5 and REDD+[3] projects under the climate change mitigation focal area, in three biomes: the Amazon, the Congo Basin, and selected drylands around the globe, where comprehensive SFM could preserve these ecosystems and their services to humanity.

Fifty-six countries participate in the IAPs and impact programs—16 are least developed countries (LDCs); the largest recipients are Brazil, China, India, Indonesia, and Peru (table 6.2). Twenty countries participate in multiple integrated programs. Fourteen GEF Agencies are involved in the IAPs and impact programs, with the World Bank, the United Nations Development Programme, the Food and Agriculture Organization of the United Nations, and the United Nations Environment Programme together implementing nearly 80 percent of integrated programming resources.

6.3 Relevance of integrated programs

Integrated programming is largely targeting relevant countries and drivers of environmental degradation. The GEF has appropriately identified priority regions and landscapes for the impact programs where addressing drivers of environmental degradation shows strong potential for generating global environmental benefits. For example, FOLUR's design targeted the major drivers of degradation related to commodity and food production, which are largely seen in the tropical forests and peatlands of Southeast Asia, Africa, and Latin America. Integrated programs also show synergies

Table 6.2 Top country participants in integrated approach pilots and impact programs

Country	Programming (million $)								
	Resilient Food Systems IAP	Good Growth Partnership IAP[a]	Sustainable Cities IAP	FOLUR Impact Program	Sustainable Cities Impact Program	Amazon Impact Program	Congo Basin Impact Program	Drylands Impact Program	Total
Brazil	—	7	23	27	14	21	—	—	91
China	—	—	33	15	29	—	—	—	77
India	—	—	12	22	19	—	—	—	53
Indonesia	—	—	—	18	17	—	—	—	35
Peru	—	—	6	15	—	17	—	—	38

Source: GEF Portal.

Note: IAP financial figures are based on child project financing data, excluding Agency fees. Total impact program funding is from each program's Council-approved program framework document. Program results may not equal Agency total because of rounding.

a. All GGP child projects are global, hence no country breakdown is available. Brazil is an exception, as it is has a country child project (GEF ID 9617) with a $7 million budget.

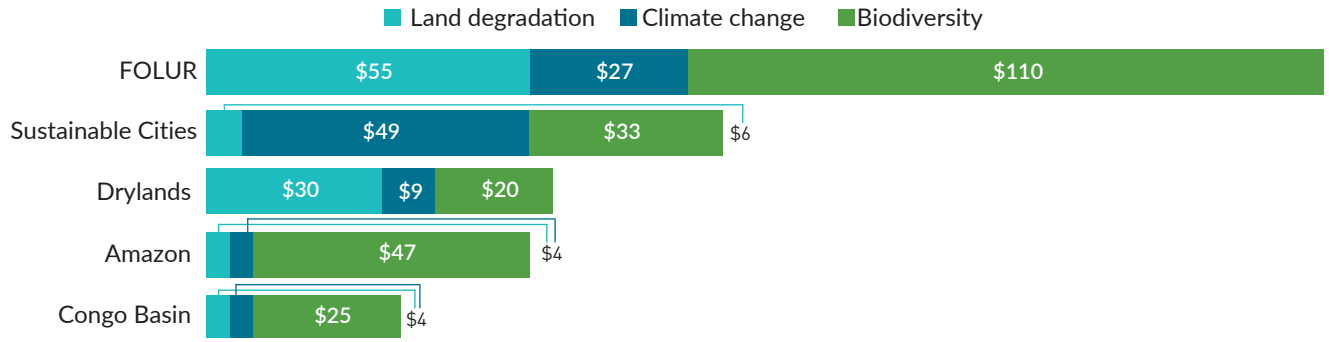
primarily among biodiversity, climate change, and land degradation focal areas, but there is scope for stronger integration with international waters and chemicals and waste. In addition to environmental considerations, GEF integrated approaches also intersect with socioeconomic considerations, particularly with those interventions that are focused on urban development, rural livelihoods, and commodity value chains.

Although the Amazon and Congo Basin impact programs consider freshwater systems, virtually no global environmental benefits related to marine systems are anticipated from the IAPs or impact programs. This absence is notable[4] considering the long history of integration in the international waters focal area, from OP9 on integrated land and water to the GEF's International Waters Learning Exchange and Resource Network (IW:LEARN) program. The limited participation of small island developing states (SIDS) in IAPs and impact programs is also a missed opportunity, given the relevance of whole-island approaches and history of the Integrating Watershed and Coastal Area Management (IWCAM) program (GEF ID 1254) in the Caribbean SIDS. The GEF strategy to ensure that relevant countries participate in GEF-7 impact programs—in terms of geographical targeting, incentives, and working with Agencies and countries—has been largely successful.

In GEF-7, integrated programming continues to address the objectives of multiple conventions and GEF focal area strategies. As shown in figure 6.1, for each of the impact programs, System for Transparent Allocation of Resources (STAR) funding has been allocated from the three focal areas of, respectively, the Convention on Biological Diversity (CBD), the United Nations Framework Convention on Climate Change (UNFCCC), and the United Nations Convention to Combat Desertification (UNCCD).

Integrated programming is widely seen as a strategic innovation of the GEF and one that draws on the GEF's institutional comparative advantages. In a survey conducted by the IEO in 2020, 90 percent of country respondents point to the GEF's ability to address multiple conventions through a single project or program

Figure 6.1 Impact program funding by convention



Source: Program framework documents of the respective GEF-7 impact programs.

as a primary comparative advantage relative to other multilateral and bilateral donors active in the environmental sector. The GEF's integrated approach is helping countries think beyond sectoral silos and plan to work across ministries, agencies, and departments through multistakeholder platforms in all programs. For example, the Sustainable Cities program has demonstrated this in its integrated planning efforts.

Another commonly identified comparative advantage of the GEF impact programs is their convening power with governments and for forming partnerships and mobilizing technical expertise. Importantly, integrated programs do not substantially affect the ability of countries to report to the conventions, as demonstrated by the very low share of country-level survey respondents (20 percent) identifying difficulties in communicating to different United Nations conventions on results achieved through an integrated approach. In fact, for the CBD, the Secretariat has noticed improved reporting on agricultural effects since the launch of the IAPs.

6.4 Early implementation results of integrated approach pilots

Lead Agency annual program reports, midterm reviews, project implementation reports, and country case studies demonstrate progress toward results, although it is still early to observe many global environmental benefits. The RFS and GGP IAPs have reported on some program-aggregated global environmental benefits to date. For example, in the RFS program, 151,000 hectares of previously degraded land was restored (box 6.3 illustrates some results from Kenya). In the GGP, more than 744,000 metric tons of carbon dioxide–equivalent emissions were avoided and 43,000 hectares of high conservation value–land were protected. The results are more uneven among the Sustainable Cities IAP child projects and Agencies. Some projects show evidence of mainstreaming innovations and bridging the divide between conventional urban infrastructure and service delivery considerations and global environmental benefits, while other projects are substantially delayed, in part due to the particularly severe consequences of COVID-19 in urban areas as well as the complexity of multiscale (e.g., national and local) implementation arrangements. Three years into implementation, the Sustainable Cities IAP program, as noted above, has not yet fully operationalized its program-level results framework, nor has it reported any aggregated higher-order results or global environmental benefits. Few socioeconomic and household resilience outcomes have been reported so far, in part

Box 6.3 Multiple benefits generated by Kenya Water Fund project under the RSF IAP

One year before completion, the Kenya Water Fund project (GEF ID 9139) has made significant progress. It is already achieving multiple direct benefits:

- Payment for environmental services for more than 23,000 farmers on 17,000 hectares through promoting sustainable land management (SLM) and water conservation measures;
- Restoring environmentally sensitive lands;
- Linking farmers to alternative value chains, such as avocados; and
- Adapting to climate change.

Many project outputs are close to targets, or exceed them, such as water pans/reservoirs (68 percent), biogas installations (115 percent), and successful planting of tree seedlings with high survival rates (372 percent). Less information is available, however, on how many farmers effectively adopted all three core SLM technologies the project promoted for terracing, agroforestry, and grass strips. Still, the project is on track to achieve its global environmental benefit core indicators for landscapes under improved practices, area of land restored, and greenhouse gas emissions mitigated, as well as for number of direct beneficiaries. But planned interaction with a cofinanced International Fund for Agricultural Development project has not yet materialized, partly because extension models and coverage areas are different. This limits GEF scale-up and sustainability.

because programs have only just established baselines for these indicators.

About two-thirds of IAP child projects show progress toward legal or policy results. More than a third of country-level survey respondents reported that these legal or regulatory reforms would not have occurred without the GEF project.

- The GGP reported it had supported 39 policies, policy framework strategies, and action plans. These include finalizing the national action plan for palm oil in Indonesia and helping the Central Bank in Paraguay create a regulation to require environmental, social, and governance risk management in the financial sector.
- The RFS program reported that it influenced nine policies, policy instruments, and regulatory frameworks. It gave critical support to prioritizing land degradation in Burkina Faso to achieve the country's land degradation neutrality (LDN) targets by 2030, set up the legal and institutional framework for the Kenya Water Fund, and influenced regional and international policy processes by placing key International Fund for Agricultural Development (IFAD) program staff at the African Union in Addis Ababa, and by participating in regional and international events such as the 13th UNCCD Conference of the Parties (COP 13).
- Although the Sustainable Cities IAP does not report aggregate policy results, the program was instrumental in developing several municipal integrated plans, such as the Melaka Smart City Policy (Malaysia) and transit-oriented development strategies for integrated spatial planning in five cities in China. In Senegal, the program helped develop national strategies for integrated urban planning, including resilience and management of industrial parks.

All IAPs faced challenges to achieve outcomes in policy and strategic plans: long processes for legislative initiatives, multistakeholder buy-in, national agencies' differing interests, frequent political changes, and follow-up and enforcement.

Three key issues have tested implementation of the GEF-6 integrated approach. These challenges include changes in government administration or priorities;

complex implementation arrangements that involve multiple Agencies and executing partners to support integration; and overcoming sectoral mandates or coordinating among ministries and agencies—the heart of the integrated approach. Broader adoption findings indicate slow progress in systemic and behavioral change, although it is still early in many IAP implementation timelines. Continuity and a multisectoral approach are needed for these changes to occur but the changes will take time to materialize. In several IAP countries, politics and political changes have mattered. For the Sustainable Cities IAP, it has sometimes not been easy to get political support and broad municipality buy-in on the sustainability concept. Several vertical bureaucratic layers in the country child project can separate the execution layer in cities from the intentions of higher-level government authorities which may plan the project.

In Brazil, federal, state, and local elections have had significant implications for Sustainable Cities IAP and GGP IAP implementation. In the GGP IAP, for example, Agencies and partners have adapted by moving to work with states after changes in federal government priorities. In Indonesia, it was challenging to find a common position among ministries and government agencies participating in the GGP. Some interviewees said insufficient attention is paid to these political drivers in the GEF integrated approaches and child projects in planning for systemic changes. In many countries, COVID-19 has shifted attention and resources toward recovery efforts, with lower priority for environmental or conservation issues.

Complex implementation arrangements in the IAPs (including joint implementation by multiple Agencies and execution by multiple national and international entities) have also affected implementation. For the Sustainable Cities IAP, a major difficulty and cause for delay has been the multidimensionality of its multilevel executing structure and decision making in countries. In municipalities, especially when the project works with a broad range of city officials and stakeholders, the lack of dedicated staff and high staff rotations in several municipalities make continuity of work and capacity building difficult. In the GGP, coordinating the work of multiple Agencies in a single country across different child projects (Paraguay, Brazil) was both challenging and time intensive. Some interviewees said the idea that the child projects could come together in GGP to create synergistic outcomes in four years is unrealistic.

Aspects of good environmental governance are widely considered and incorporated in child project activities but are not reported as such. From governments to nongovernmental organizations, the private sector and civil society, cooperation is critical to achieving effective governance and sustainability. IAP child projects include activities designed to build institutional and individual capacity and enhance interministerial and interagency interactions for environmental governance (box 6.4). Eighty-one percent of IAP child projects reported relevant activities. About two-thirds of country-level survey respondents reported that the GEF-6 IAP child projects are already contributing to these areas. Activities include shared knowledge platforms and stakeholder working groups, online trainings, and targeted technical assistance and analyses to support environmental governance. Stakeholder engagement has so far been strong in the IAPs, with four-fifths of child projects documenting a role for civil society organizations in implementation.

At midterm, the GEF-6 IAPs' knowledge platforms are playing their intended key role in supporting learning and capacity building across projects, with areas for improvement. The IAP knowledge platforms, an important component and innovation in these programs, have resulted in greater knowledge and learning activities as compared with previous GEF programs where knowledge was given priority. Country-level stakeholders

Box 6.4 Examples of environmental governance in GEF IAPs and impact programs

The case of Kenya shows actual accomplishments of environmental governance and community benefits through three GEF IAP/impact program child projects. This includes the pioneering Upper Tana Nairobi Water Fund (GEF ID 9139)—a first in Sub-Saharan Africa—established under the Food Security IAP to collect private sector contributions downstream to pay farmers for protection of ecosystem services in the catchment areas. Kenya also concentrates on devolving environmental governance and related awareness and institutional capacity building to county (district) levels. Securing community ownership, rights, and access to natural resources is a cornerstone of the two Kenya impact program projects.

In China, the Sustainable Cities Impact Program project (GEF ID pending) engages environment departments of municipal and provincial governments to promote conservation and nature-based solutions in urban management. All this is made possible through synergy with cofinancing partners. For the FOLUR Impact Program project in China (GEF ID 10246), environmental governance will build heavily on mainstreaming environment in agriculture and provincial governments through institutional mechanisms.

The GGP IAP Brazil Production Project (GEF ID 9617) addresses stakeholder engagement in environmental governance through support for Coalition MATOPIBA, a multistakeholder forum created by Conservation International Brasil under another initiative that facilitates dialogue between government, academia, farmers, civil society, and the private sector. Discussions have brought together representatives of farmers' organizations, traders, and financial institutions to coordinate actions under a shared vision of sustainable production in the region. These discussions have considered policy proposals.

For Sustainable Cities, the extension from municipal to metropolitan jurisdictions in the impact program reinforces the environmental local governance of integrated natural resources management and urban planning, including planned participation of environmental institutions.

reported largely positive perceptions of the role of the IAP knowledge platforms in sharing best practices. Across the IAPs, the most effective activities combined global knowledge activities with specific assistance to the countries.

A key challenge experienced by all three IAPs' knowledge platforms has been that few child projects allocated resources (funds or staff time) for knowledge management. According to more than a third of country respondents, the child projects had insufficient funds for this purpose. Knowledge management is not a priority nor a staffed function for many child projects, resulting in low engagement at times. A contributing factor was that most RFS and Sustainable Cities IAP child projects did not have targets or metrics for knowledge management. GGP child projects each identified knowledge products and activities, although interviews indicated these were not always shared with the knowledge platform. Interviewees said budgets for knowledge platforms are insufficient for the coordination and level of integration required to drive systems change. Other challenges for the IAP knowledge platforms have been related to delivering country-relevant information, especially in the Sustainable Cities IAP, with diverse participation ranging from less developed cities in Africa to much more developed cities in Asia. Ineffective sequencing among platforms and child projects has also been an issue.

Although not all designs are finalized, the knowledge platforms being devised for the GEF-7 impact programs

show some evidence of lessons learned from the GEF-6 pilots, such as closer partnerships with child projects, plans for more offers of technical assistance, and use of regional clustering (more explanation on this is included in chapter 9).

6.5 Impact programs: Design and process

The design of the GEF-7 impact programs has improved since the GEF-6 IAPs. Impact program child projects show good alignment with broader program framework document objectives and main components. Theories of change have improved in the GEF-7 impact programs, showing stronger evidence of systems thinking. However, insufficient consideration is given to the roles and responsibilities for linkages between program and country-project theories of change in the integrated programs that focus on value chains. GEF-7 impact program child projects show improvement in terms of the systematic inclusion of gender-disaggregated indicators, gender analysis, and gender action plans, in line with the overall GEF-7 portfolio. All the impact program child projects (n = 43) conducted gender analysis and developed gender action plans during project preparation. Gender-sensitive indicators and interventions are considered in the logical frameworks, and all impact program child projects include gender-disaggregated indicators in terms of number of female beneficiaries.

Resilience has been considered in the GEF-7 impact programs from both a climate and non–climate risk perspective, particularly in the RFS program. Private sector engagement plays a more prominent role in the GEF-7 impact programs, with evidence of some lessons from the GEF-6 pilots having been identified and incorporated to varying degrees in each of the GEF-7 impact programs.

The GEF-7 impact programs feature innovation and environmental and institutional additionality, and address institutional and financial factors to ensure sustainability. Most survey respondents (90 percent) agree that GEF-7 child projects are innovative and will generate global environmental benefits that are not likely to happen without GEF intervention. Institutional progress—involving strengthening decision making capacities, supporting multistakeholder participation, and promoting cross-sectoral planning processes—was recorded as innovations in the FOLUR, Amazon, and Congo Basin project documents. Almost all respondents were optimistic that the child projects will strengthen institutions to deliver environmental impact. Less than half of the child projects reported on areas of socioeconomic additionality. The majority of the projects build longer-term sustainability into their designs through stakeholder engagement in planning and implementing project activities to improve sustainability, or developing sustainable financing mechanisms for postproject outcome delivery and enhancing public and private investments.

Improvements are noted in the design of GEF-7 impact program monitoring and evaluation systems, yet important challenges remain. An important lesson learned is that common results frameworks across program and child projects—derived from the program theory of change—are critical for program reporting. These were not well developed for all IAPs, hindering the ability of program-level aggregate reporting to demonstrate the value addition of taking a programmatic approach to integration.

The RFS IAP has undertaken substantial work to develop such a framework and transition to the GEF-7 core indicators (box 6.5). The GGP IAP and Sustainable Cities IAP are still in the process of finalizing their program-level reporting systems for some of the GEF-7 core indicators. In the GEF-7 impact programs,

Box 6.5 Developing a program-level results framework for the Resilient Food Systems IAP

The RFS developed its program results framework (2019-2020) in a participatory way. It includes synchronized and updated new indicators (including the latest GEF-7 indicators), updated targets, monitoring and evaluation (M&E) tools, and data aggregation methods. Ten of 12 country child projects follow this framework. Led by the RFS hub-project coordination unit, this involved:

- Constitution of an M&E technical advisory group for overall technical and scientific guidance
- Production of background studies and reports, including an overview of approaches led by the International Council for Research in Agroforestry (ICRAF) to monitor food security resilience in 12 child projects and Conservation International-led monitoring of ecosystem services, socioeconomic benefits, and resilience of food security
- Development of monitoring tools (Conservation International Resilience Atlas) and promotion of existing tools (SHARP, FIES, DATAR, LDSF, MPAT, EO4SD), including through tool bazaars and country clinics during annual workshops
- Informing country teams of the outcome mapping methodology and its possibilities
- Extensive interviews and bilateral engagements with all country projects and partners to assess capacity needs, discrepancies in targets and baselines, and monitoring challenges
- Organization of a dedicated M&E workshop, bringing together key program experts and representatives from all child projects to discuss how to overcome hurdles to harmonize indicators, targets, and tools at country and regional levels
- Development of an online platform, building on results-based management principles to facilitate monitoring, access to information, and visualization of data and results at project and program levels
- Support to country teams to revise their project results frameworks, ensuring they have regional-level assessments of clear linkages and contributions to global environmental benefits and other targets
- Preparation and validation of a new program-level results framework and M&E plan adopting a coherent approach to tracking RFS outcomes and effects on the African continent.

lead Agencies have started to work more strongly and interactively to develop common program results and reporting frameworks earlier in the design process; in addition, all impact program child projects will report on GEF-7 core indicators. However, several challenges remain that complicate program-level reporting for lead Agencies in the impact programs, including those related to the approaches for determining the results from coordination projects and aggregating intermediate results. A main issue is that while the 2019 GEF monitoring and evaluation (M&E) policies help to clarify roles and responsibilities in program- and child project–level M&E reporting, program-level M&E has still to be implemented in project-cycle practice.

Substantial process improvements have been realized in the roll-out of GEF-7 impact programs. The competitive expression-of-interest process has provided open access, involved clear selection criteria, and demonstrated strong interest among countries to participate in GEF-7 impact programs. A competitive procurement process was also employed for selection of the lead Agency, although interviewees raised concerns about how the GEF Secretariat's efforts to

ensure a major role for city-based organizations—seen as critical for engaging with city leaders and "crowding in" expertise and knowledge that goes beyond GEF Agencies—influenced the lead Agency selection process for the Sustainable Cities Impact Program. The process led to a change in the lead Agency between the Sustainable Cities IAP and Sustainable Cities Impact Program, a situation that has potential efficiency risks as the implementation of the two programs (and their associated knowledge platforms) will occur in parallel for another two years. However, the actual implications of this change for program results are still to be known.

An improvement over the GEF-6 IAPs has also been in the sequencing of program design in GEF-7. This followed a program-to-project logic with child projects generally designed in parallel with the global/regional coordination projects (rather than before them, as in the IAPs). Program design processes were seen by country stakeholders as being adequately inclusive, including of operational focal points.

In terms of efficiency, the roll-out of the impact programs has followed a similar timeline to the IAPs, and the progress of IAP child projects into implementation has followed similar timelines to the rest of the GEF portfolio. As with the IAPs, much of the work of the impact programs is front loaded, occurring before Council approval of the program framework documents. Interviews and documentation point to extensive consultations.

The design of the GEF integrated approaches places considerable responsibility on the lead Agency to deliver programmatic results and value added. The design of the GEF-7 approach better recognizes the critical role of the lead Agency and global/regional coordination project in this regard. GEF-7 expands the lead Agency role to include program coordination, integration, and reporting. This builds on an important lesson from the IAPs that ensuring clarity of roles and responsibilities between the global/regional coordination projects and country child projects is a critical aspect of good program governance. Some additional funding follows this expansion; GEF-7 impact programs have a slightly higher funding allocation for coordination projects, and child projects also now allocate funds for interacting with the coordination project. Managing internal and external coordination; integrating across scales, countries, and Agencies; and monitoring and reporting on the program's value added are important and substantial tasks for the Lead Agencies. The experience of the GGP IAP coordination project may be telling in its struggle to integrate across value chains for a smaller number of commodities and countries; the FOLUR Impact Program faces a massive task—requiring strong technical, partnership management, and leadership capabilities—in doing so across a wider-ranging program.

This positive evolution is held back in part by unaddressed aspects of the GEF-6 design that interact with the characteristics of the GEF as a partnership. While the GEF partnership model clearly allows Agencies to bring their comparative advantages into integrated programming, some Agencies are more cooperative than others in a setting in which the incentives for working in a coordinated manner are not clear and the rules of engagement are not fully codified. The experience of the GGP IAP, for example, has shown that establishing a foundation of trust among Agencies and partners upon which the benefits of integration can be built is a time-intensive process—one that has taken fully three years. A lack of cooperation from some Agencies has also hampered lead Agencies' efforts to establish program-level reporting systems, as mentioned above, in part because Agencies are not required to share project implementation reports (PIRs).

6.6 Integrated programs: The way forward

The share of integrated programming is increasing in the GEF and is justified. More than $1 billion has been allocated for integrated approach programming through 95 child projects in 56 countries via three IAPs in GEF-6 and five impact programs in GEF-7. Five impact programs account for nearly a fifth of overall GEF-7 funding, and integrated programs feature even more prominently in GEF-8 proposed Programming Directions, with 11 programs covering all GEF focal areas with different degrees of integration. The principle of integration is based on scientific merit, but the GEF still needs to demonstrate program-level additionality.

Overall, GEF-7 integrated programs represent an improvement over the GEF-6 IAPs in several dimensions. GEF-7 impact programs show evidence of learning and evolution from the pilot phase, including in relevance and coherence of design, process, and results. The GEF-7 impact programs as designed remain relevant to the conventions, national priorities, and drivers of environmental degradation. Compared to the IAPs, impact programs have been designed with stronger theories of change, and lead Agencies are engaging earlier and more intensively to develop common program-level results frameworks. In terms of process, the roll-out of the GEF-7 impact programs was more transparent and inclusive. A stronger role for lead Agencies is envisioned in GEF-7 and shows promise for supporting continued program internal coherence and results achievement. The design of knowledge platforms in GEF-7 impact programs also reflects lessons learned from the IAPs in terms of better tailoring platform offerings for country needs. Finally, cross-cutting issues have received more emphasis in GEF-7 impact programs, with respect to gender mainstreaming, climate resilience, and private sector engagement.

Challenges remain in design, implementation, and measurement. Five crucial areas will need to be addressed in GEF integrated programs going forward to be able to generate the additionalities of the integrated approach. These relate to the need for:

- Greater coordination among ministries in recipient countries;
- Greater cooperation among GEF Implementing Agencies;
- Clarification of aggregate program-level reporting requirements for lead Agencies;
- Demonstration of the additionality or value added of integration in programs; and
- Greater diversification of countries included in these programs.

Addressing the drivers of environmental degradation at scale will need to be balanced against being responsive to the needs of all recipient countries, including LDCs and SIDS.

NOTES

1. The IAPs are all currently under implementation.
2. Total impact program funding from the Council-approved program framework documents is $705.4 million or 18 percent of total GEF-7 replenishment programming. Thirty-six percent of CEO-endorsed funding has been for GEF-7 impact program child projects, from the GEF Portal as of February 3, 2021. Impact program project cofinancing only includes CEO-endorsed child projects as of February 3, 2021.
3. REDD+ refers to reducing emissions from deforestation and forest degradation and the role of conservation, sustainable management of forests, and enhancement of forest carbon stocks in developing countries.
4. One exception is the Sustainable Cities impact program child project in Indonesia (GEF ID 10494) that targets over 38,000 hectares of marine habitat on improved practices under core indicator 5.

CHAPTER 7

INNOVATION AND SCALE-UP

The GEF 2020 Strategy stressed the need for the GEF to support innovative ways of doing business that complement other institutions' activities and to focus on activities that are scalable across multiple countries, regions, and sectors through policy, market, or behavioral transformations. The strategy suggested several models for GEF projects, including demonstrating innovative approaches, such as integrated programs to reach impacts at scale (discussed in chapter 6), and deploying innovative financial instruments to help de-risk investments by others. Building on this theme of innovative integrated programming, the GEF-7 Strategies and Programming Directions (2018–2022) sought to effect transformational change and achieve global environmental benefits at a larger scale (GEF Secretariat 2018a).

Given the importance of innovation and scaling up to the GEF, the Independent Evaluation Office (IEO) conducted two evaluations on these themes during the GEF-7 period (GEF IEO 2019d, 2021g). This chapter draws on these evaluations—GEF Support to Innovation and Evaluation of GEF Support to Scaling Up Impact—and presents the evidence on the GEF's record in supporting innovation and scale-up, with a special focus on the factors influencing these processes.

7.1 Innovation in the GEF

Innovation, for this analysis, is defined as "doing something new or different in a specific context that adds value" (GEF IEO 2021g). The incentives for the GEF to be innovative are greater environmental effectiveness (in terms of quality and scale of achieved benefits) and increased replicability/scalability and sustainability of outcomes. Innovation may

also help generate transformational change, which is one of the strategic priorities of the GEF.

Expectations that the GEF will be innovative have been a recurrent theme throughout its history. The concept of the GEF as a dedicated funding mechanism in response to global environmental problems was in itself innovative. Shortly after the adoption of the GEF Instrument, the 1995 Operational Strategy made reference to "use of innovative technologies and procedures." The GEF was also given guidance to support innovative financing approaches toward ensuring the long-term sustainability of its activities. Over time, frequent references were made to innovation in various evaluations and policy documents with respect to the GEF's governance, operational modalities, project strategies, designs, and instruments. Innovation in the GEF has included actions that were entirely new or untested as well as approaches for which there was no prior experience in a country, region or situation. Changes in the GEF strategy were also sometimes characterized as innovative, for example, the shift from buying down the capital cost of new technologies to more emphasis on market development, scaling up, and replication, and partnerships with the private sector to improve prospects for commercial sustainability. The GEF-6 and GEF-7 Programming Directions (2018–2022) seek to support combinations of innovations and achieve global environmental benefits at scale. The strategic objectives of the Least Developed Countries Fund also explicitly identify innovation and technology transfer as the means for reducing vulnerability and increasing resilience.

Innovation may never have been more important to the GEF than it is today, as developing countries respond to multiple, interconnected threats from COVID-19, debt burdens, and the climate and nature crises. While the challenges to help countries toward a green recovery are many, the need for the GEF to respond with innovative solutions to global environmental problems may also never have been greater. Renewable energy technologies are now less expensive than fossil fuels in most markets.[1] Applications of artificial intelligence, satellites, and high-speed data processing are creating new means of tracking and communicating environmentally critical information. The financial sector is increasingly responsive to the need to redirect investments toward sustainability. Collectively, these developments have been termed the "fourth wave of environmental innovation" (Environmental Defense Fund 2021).

PORTFOLIO ANALYSIS

GEF supports innovation across its portfolio in all focal areas, project sizes, regions, and trust funds, and there is an increasing trend in innovative projects over the GEF replenishment periods. The evaluation of GEF support to innovation analyzed a sample of 99 projects selected from the overall GEF portfolio of 1,706 closed projects with terminal evaluations based on clear criteria of the presence of innovation in design or results. The sample portfolio has a higher proportion of projects from the GEF-5 and GEF-6 periods relative to the overall number of terminal evaluations available for these periods (table 7.1). Consistent with the findings from

Table 7.1 Sample of innovative projects by GEF replenishment period

	Pilot	GEF–1	GEF–2	GEF–3	GEF–4	GEF–5	GEF–6	Total
Total number of completed GEF projects	78	112	301	481	573	156	5	1,706
Number of selected projects	2	5	6	31	39	14	2	99
% of selected projects by period	3	4	2	6	7	9	40	6

Source: Adapted from GEF IEO 2021g.

previous performance studies, the sample portfolio shows an increasing trend in innovative projects over the GEF replenishment periods.

One of the main characteristics of innovative projects is the type of innovation that the project implements. Recent typologies identify five types of innovation: technology, finance, business models, policy, and institutions (Miller and Swann 2017; Toth 2018). In the sample of closed projects, technological innovations are most common (74 percent), compared with 56 percent of projects featuring policy innovations, 55 percent with institutional innovations, and 35 percent and 34 percent with financial and business innovations, respectively.

The design of the ongoing projects in the integrated programs of GEF-6 and impact programs in GEF-7 commonly incorporates innovation. Technological innovations are most frequently included in the child projects of the integrated approach pilots (52 percent), while in the impact programs the most common innovations are institutional (81 percent). In addition, the integrated programs incorporate several strategic innovations: (1) incentive funding for country participation, (2) a competitive selection process among countries, and (3) dedicated funding for a coordination or platform project to act as the knowledge "glue" between selected countries. The latter is designed to extend the reach of the program's impact as well as to ensure that overall delivery of the impact program achieves the ambitions of transformational change central to the GEF-7 Strategy. Other programs such as the Artisanal Gold Mining Program (box 7.1) have also incorporated innovative elements. The recent Challenge Program for Adaptation Innovation (which was launched in 2019 and continued with a second call for concepts in 2021) aims to catalyze innovation, including investment approaches, business models, partnerships, and technologies for achieving climate adaptation and resilience results. The program supports sustainable innovation ecosystems for micro, small, and medium enterprises (MSMEs) and seeks potential for replication and scaling up in cooperation with investors and other sources of climate adaptation finance.

Box 7.1 Innovation in the GOLD program

In the artisanal and small-scale gold mining (ASGM) sector, the GEF and others have a long history of technological and miner-formalization efforts that have yielded limited successes in reducing the use of mercury by miners. One major lesson learned from these earlier interventions was that it was difficult for miners, who were generally informal, to switch to nonmercury technologies since banks and other lenders would not provide them with the necessary financing to invest in the new machinery required. The GEF GOLD program is innovative in attempting to address this issue by investing not only in nonmercury technology and formalization efforts but also designing financial mechanisms for miners, training financial intermediaries and improving access to formal markets.

Source: GEF IEO 2020b.

RESULTS ASSOCIATED WITH INNOVATION: ADDITIONALITY AND TRANSFORMATIONAL CHANGE

The selected sample of innovative projects had better outcomes and sustainability ratings relative to other projects. Eighty-six percent of projects in the sample of closed innovative projects had outcomes in the satisfactory range, significantly higher than the overall GEF average of 80 percent. Seventy-one percent of the sample had sustainability ratings in the likely range, higher than the overall GEF rating of 62 percent. This

suggests that, on average, for this sample of closed projects, innovation is not necessarily correlated with lower outcomes or sustainability.

In addition to full-size projects, medium-size projects have often been used to test innovations and have driven transformational change (box 7.2). Innovation has also been a fundamental factor of success in the Small Grants Programme (SGP). SGP projects support technological and institutional innovations. For example, the first commercial biogas unit in Egypt was implemented by the SGP in 1994. Several projects in Argentina supported indigenous communities that had had difficulties obtaining legal status.

For the evaluation of GEF support to innovation, the impacts of innovation were measured in terms of two results variables—additionality or value added and transformational change. The value-added index draws on the concept of innovation additionality from the IEO study which presented a comprehensive framework for assessing the GEF's additionality (GEF IEO 2018c). It is based on six dimensions of value added attributable to the environmental and/or related socioeconomic benefits of innovations: their quality, scale, replicability/scalability, sustainability, learning/knowledge captured on innovations, and enabling environment created to support innovations. Transformational change refers to "deep, systemic, sustainable change with large-scale impact in an area of a major environmental concern" (GEF IEO 2017d).

Innovation is associated with higher additionality or value added in almost all projects. Almost all projects (98 percent) in the sample added value in one or more of these areas; the majority of projects (68 percent) helped generate some environmental and socioeconomic benefits, but not necessarily on a large scale, or generated lessons on innovation, but did not share them broadly beyond their target area. Nineteen percent of projects reached the highest level of value added by creating a large-scale change in most of these areas.

Innovation is also associated with transformational change in more than a third of the projects assessed. Not every project is expected to achieve transformational change, and in some instances, it might take a series of interventions to achieve fundamental changes in key environmental and economic systems. In the

Box 7.2 Medium-size projects can deploy innovative approaches and achieve transformational change

GEF Agencies have worked with countries to use medium-size projects (MSPs) for innovative purposes. The focus has often been on testing new approaches based on science, piloting technology and applications that could be applied on a much larger scale. For example, the Restoration Challenge Grant Platform for Smallholders and Communities, with Blockchain-Enabled Crowdfunding project (GEF ID 10637) will pilot the blockchain technology in a few countries to investigate whether it will add value to the larger portfolio of land restoration projects.

MSPs can also bring about transformational change. The Global Cleantech Innovation Programme (GCIP) supported market transformation for energy efficiency in industry and the building sector. The Uruguay Wind Energy Programme (GEF ID 2826) helped create a transparent and viable market for wind power in the country.

While these examples of innovation and transformation are encouraging, there are concerns about whether the administrative structure of the MSP modality allows for genuine innovation. Some interviewees indicated that the STAR allocation, which tends to be earmarked for larger interventions, may discourage innovation.

Source: GEF IEO 2020i.

sample, 38 percent of projects achieved full or partial transformation by their completion.

An example of an innovative project that supported transformational change is the Mexico Rural Development Project. Implemented by the World Bank, the project (GEF ID 3537) sought to strengthen the emerging solar market, promote environmentally sustainable technologies in agribusiness, and lower agricultural greenhouse gas emissions. By the project's completion in 2018, 1,842 agribusinesses had adapted 2,286 renewable energy or energy efficiency technologies, resulting in an overall reduction of 6.02 million metric tons of carbon dioxide emissions, a major contribution to Mexico's international agreements on emissions reductions. A solar market has developed. Prior to the project, Mexico's solar market was nascent, with the 2007 Mexican National Climate Change Strategy identifying huge potential for solar market growth. Through the project's demonstration effects and beneficiary demand, the domestic market for energy-efficient and renewable energy technologies accelerated, aided by global decreases in the prices of solar panels. Mexico now has significant experience investing in clean energy technology for agribusiness and is sharing its experience with other countries, including China, Uruguay, Uzbekistan, Haiti, and Romania. Staff of the U.S. Department of Agriculture visited the project twice, interested in replicating the model in the United States.

An example of an innovative project that added higher value but is still to achieve transformational change deals with protected areas in the Philippines. Implemented by UNDP (GEF ID 3606), the Expanding and Diversifying the National System of Terrestrial Protected Areas project in the Philippines successfully tested two new modalities—indigenous ancestral domain and local government- and community-managed areas—for protected area management. As a result, 46 new protected areas were added to the Philippines protected area system, covering 439,485 hectares in 10 key biodiversity areas. The management effectiveness in protected areas increased by 84 percent from the baseline. The project achieved a moderate level of policy and regulatory change, including obtaining approvals for local ordinances which allowed establishment of local conservation areas in three sites. At the same time the Bill for Indigenous Community Conservation Areas has not received approval for enactment; consequently, the government has had to adopt temporary mechanisms to incorporate indigenous community conservation governance. The lack of approval on the national level is a key risk to sustainability. To support financial sustainability of the protected area system, the project—among other activities—piloted payment for environmental services, which is likely to continue. However, more work is needed to support livelihood activities in the areas adjacent to protected areas, especially among the indigenous population.

FACTORS INFLUENCING INNOVATION

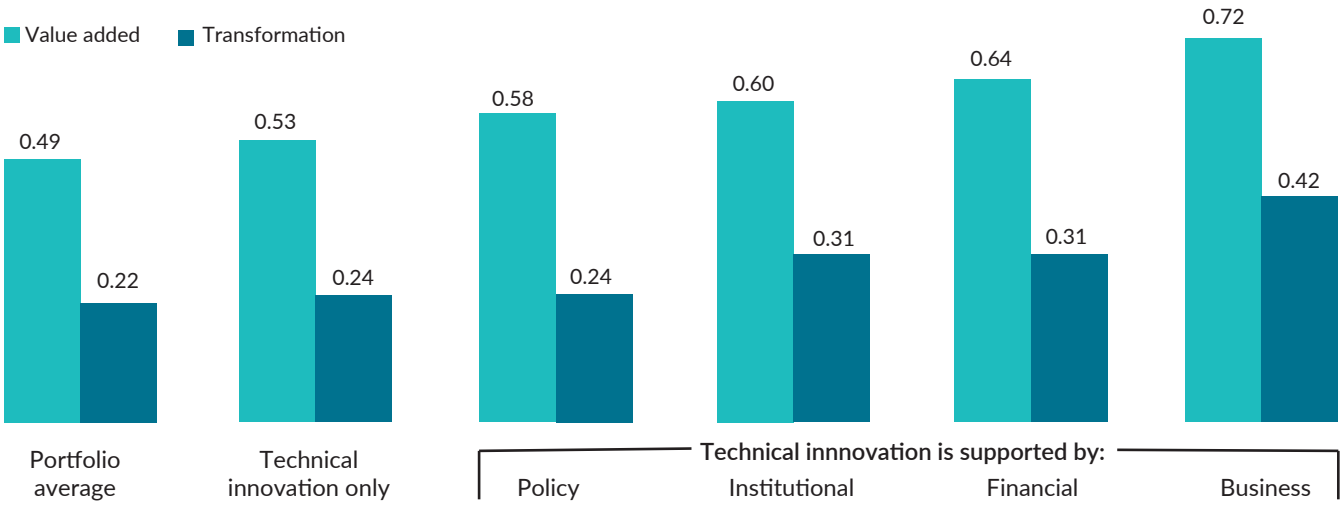
Several factors influence the effectiveness of innovative interventions, including multisectoral approaches, economic incentives, innovation combinations, stakeholder engagement, adaptability, and knowledge and learning. In projects with multisectoral approaches, the focus is on fostering coordination across economic sectors, such as water, transport, energy, or agriculture. For example, the two-phase ongoing program in the Hai Basin in China (GEF IDs 1323 and 5561) addressed the interlinked problems of water scarcity and water pollution by developing an integrated approach to water resource management and pollution control combining technological, institutional, and policy innovations. Greater cooperation between water and environmental ministries has resulted in a 63 percent reduction in overexploitation of shallow groundwater and a 46 percent reduction for deep groundwater in the Hai Basin.

Projects combining innovations of different types support better sustainability and scaling up of outcomes compared with projects with stand-alone innovations. This is especially so when technological, business, or financial innovations are underpinned by policy and legal frameworks, institution building, and capacity development. A technological innovation by itself has only a small positive influence on value added or transformational change, and might not achieve its objectives in full. However, when supported by other innovation types, the likelihood of a transformational change and a higher value-added increases (figure 7.1). The GEF-UNIDO Cleantech Program, the source of several projects included in this sample portfolio, combined technological innovation with policy and institutional reforms, and is further elaborated on in the next chapter on the GEF's engagement with the private sector.

Successful innovative interventions often involve the use of economic incentives to alter the impact of economic activities on natural resources. In Benin, two GEF-financed forest management projects (GEF IDs 793 and 5215) were designed to tackle the economic causes of forest degradation—poverty and the lack of options for income generation. The projects showcased eco-friendly income generation activities, provided training in sustainable agricultural technologies, and supported the development of a "green" fuelwood sector by creating sustainable fuelwood plantations and regulated charcoal markets. Incentivizing communities to become active participants in ecosystem management was critical to counterbalance the lack of government capacity to introduce and enforce regulations.

Bringing together a wide range of stakeholders to make joint decisions on issues where they have varying interests can help promote innovation. While the GEF promotes its innovative environmental agenda, it also supports social equity though community-driven participatory approaches. The Sustainable Rural Livelihood

Figure 7.1 Value added and transformational change by innovation type (index values)



Source: GEF IEO 2021g.

Note: Indices are re-scaled (from zero to one) to construct simple averages for each group of projects. Projects in the portfolio were assessed and coded during portfolio review.

Security through Innovations in Land and Ecosystem Management project in India (GEF ID 3470) achieved transformation of agriculture through multistakeholder partnerships (consortium approach) combining science, markets, business, and poor rural communities. The concept was that well-financed consortiums would be able to galvanize greater interest from different production to consumption partners and enhance collaboration which would be key to capturing integration and economies of scale. As a result, the project developed 485 agricultural innovations in frontier science, production, and processing (exceeded the target of 155). In developing value chains, the project supported research and development of 273 production and processing technologies (exceeded the target of 75 technologies). Six consortiums received eight most prestigious national and international awards in agricultural science. At project closure, 58 project technologies were commercialized to 80 licenses, worth $527,000.

Private sector participation is an important factor supporting innovation. In the sample of innovative projects, the involvement of the private sector is associated with a higher likelihood of transformation and a higher value added. Private sector involvement takes different forms: project cofinancing, being a project beneficiary, taking the role of a champion for an environmental cause, or being part of a multistakeholder partnership formed by the project. Thirty-four percent of the innovative portfolio's projects are characterized by private sector participation. The share of innovative projects with private sector involvement is typically higher when projects include financial and/or business model innovation, which usually requires cooperation with private financial institutions and other business entities. When a project fails or finds it difficult to engage the private sector, results show that it reduces the value added of innovation and decreases the likelihood of transformational change.

Innovative projects that are managed adaptively and are guided by flexible design tend to perform better. These projects are able to modify their results frameworks, activities, and budgets in response to evidence on success and failure, and adapt to the local context and evolving external conditions. In Sierra Leone, the Integrating Adaptation to Climate Change into Agricultural Production and Food Security project (GEF ID 3716) piloted several innovative approaches in climate change adaptation. One of the approaches (roof rainwater harvesting for crop irrigation) was discontinued after 20 percent completion, due to problems with the procured rainwater tanks, and a determination that the activity was not well suited to the context of Sierra Leone. The remaining funds were then assigned to other water management activities within the project, such as micro catchment and open-field irrigation projects, which improved moisture retention, soil structure, and nutrient content by reducing topsoil erosion and evaporation.

Knowledge and learning activities contribute to better innovation outcomes. This is accomplished through pre-intervention analytical work, reducing information and awareness barriers to testing and adoption of innovation during project implementation, and documenting and disseminating lessons to broader stakeholders to support replication and scaling up. The Armenia Energy Efficiency Project (GEF ID 3937) included a capacity-building and awareness campaign to address knowledge gaps of public agencies on energy efficiency and energy service agreements. This extensive support helped address knowledge barriers to energy efficiency development and brought financing from other donors.[2] To support replication of its lessons with energy service agreements, the project's executing agency, the Renewable Resources and Energy Efficiency Fund, is now conducting trainings in Europe and Central Asia, including Bosnia and Herzegovina, Kosovo, North Macedonia, and Montenegro.

Most successful projects include a combination of several factors as in the case of the Sustainable Landscape Project in Burundi (box 7.3).

A quality-at-entry analysis of the ongoing projects in the GEF-6 and GEF-7 integrated and impact programs shows that factors including multisectoral approaches and multistakeholder platforms, program-level knowledge and learning platforms have been addressed in the design and early implementation. In addition, the integrated programs show evidence of being designed for transformational change through program structures and partnership strategies to support the depth of change and scaling up.

THE GEF'S COMPETITIVE ADVANTAGE IN INNOVATION

The GEF's competitive advantage in supporting innovation lies in its established willingness to provide grant funding, bridging the gap between the proof of concept and demonstrated practical applications. In so doing, the GEF helps bring innovations to the point where the risk of investment is low enough for governments, multilateral development banks, or the private sector to consider lending. A recent review of the role of GEF and other donor–supported climate finance in World Bank operations concluded that such resources have been critical enablers of risk-taking:

Box 7.3 Sustainable Coffee Landscape Project in Burundi

The GEF-financed Sustainable Coffee Landscape Project (GEF ID 4631) in Burundi combined technological, business model, policy, and institutional innovations to revamp the coffee sector and to make it more profitable and sustainable. The project applied a multisectoral approach to (1) address land degradation, biodiversity loss, water depletion and pollution caused by unsustainable coffee production; and (2) enhance the coffee sector's productivity, improve incomes, and increase export revenues. The project used economic incentives at both the community and country levels.

At the community level, the project entailed demonstration of techniques for shade-grown coffee—planting the new type of coffee together with a variety of shade-providing trees and income-generating plants (e.g., bananas)—and its economic and environmental benefits (increased income, reversed land degradation, biodiversity conservation). At the country level, the project promoted marketing and commercialization strategies for shade-grown coffee, and supported access to high-value sustainable coffee markets through promoting negotiations between local cooperatives and international buyers, and incurring fair trade certification costs.

Knowledge and learning activities included the national Rapid Strategic Environmental and Social Assessment of the coffee sector reform and study tours to Colombia and Ethiopia that convinced the Ministry of Agriculture in Burundi of the viability of the multi-crops approach. The project also implemented a communication plan to disseminate its successes and lessons.

As a result of the project, more than half of the coffee farmers in the project areas switched to the shade-grown coffee and adopted sustainable practices; coffee productivity rose by 23 percent, the food security index improved by 27 percent, and incomes rose. Unsustainable practices (sawmilling, recurrent bush fires, boundary encroachment) stopped completely, and biodiversity was significantly restored. The project broke the traditional and unsustainable monoculture of sun-grown coffee and changed the mindsets of the national and local officials regarding the advantages of a sustainable poly-culture shade-grown coffee system.

Source: GEF IEO 2021f.

> Climate-related trust funds remain a vital source of risk-inclined funding to support World Bank strategies, whether through grants or concessional blended finance instruments. Many sectors, technologies, and markets remain beyond the acceptable risk/return profile of private investors, carbon markets, and even development finance institutions. The ability of the World Bank to access a limited pool of capital that is more patient and can bear higher risks has been, and will continue to be, valuable to delivering on the World Bank's climate strategy and goals. (World Bank 2020a)

The GEF helps create an enabling policy and regulatory environment in recipient countries and links environmental objectives with economic activities. It supports technological, business, and financial innovations with policy and institutional reforms. This is achieved by working with a wide range of stakeholders (including communities, businesses, academia, and government) through participatory approaches—which also then has a positive impact on sustainability. Across focal areas, the GEF supports alliances between science, communities, and businesses to achieve sustainable application of advanced technologies and approaches.

The GEF allows for adaptive and flexible project and program management. Compared with other institutions interviewed by the IEO, the GEF gives the executing and implementing agencies some autonomy to revise the scope and budgets of project components, within limits, as long as they remain consistent with project objectives. However, applying adaptive management is not always easy and takes time. There is a space for more explicit encouragement of adaptive management in the context of innovative interventions.

Knowledge and learning are essential to understanding the process and outcomes of innovations as well as for scaling up. Communities of practice and knowledge and learning platforms incorporated in some focal areas (IW:LEARN in international waters) and some programmatic approaches (e.g., integrated programs) have been effective in facilitating knowledge exchange. These will play an important role in facilitating exchange between practitioners implementing projects and programs across countries and regions.

OBSTACLES TO INNOVATION AND MITIGATION STRATEGIES

While there are many positive examples, there have been some obstacles to innovation or missed opportunities, where the GEF was well positioned to support innovation but for some reason did not.

The higher level of risk and likelihood of failure may discourage innovation. Several of the stakeholders interviewed for the evaluation of GEF support to innovation noted that innovative approaches and ideas are sometimes difficult to get approved through the review mechanisms of the GEF, the GEF Agencies, and ministries, as these projects are perceived to have higher risk. Thus, agencies are more likely to submit projects that have higher chances of approval by the GEF Secretariat and the Council, discouraging innovation. Innovative projects sometimes require more time and effort in preparation, supervision, and implementation. The selection and evaluation criteria for these projects need greater clarity.

Another obstacle to innovation is that the level of effort involved in preparing and implementing projects is largely independent of the funding volume, i.e., it can take as long and require a similar amount of resources to prepare a small, innovative project as a much larger one. This could potentially discourage innovative projects, especially small pilot projects.

The STAP has noted that some projects approved as demonstrations or pilots are understood to have higher risks. The objective of these pilots is to test concepts

for possible replication and scaling, or, if unsuccessful, to learn from failure. This philosophy was evident in the 2013 Independent Evaluation Group (IEG) review of the World Bank's partnership with the GEF. The report describes the International Finance Corporation's biodiversity projects as research and development projects and incubators for financially risky approaches to be tested and replicated if successful. Although these have generally been less successful in achieving their objectives of developing commercial markets for selected biodiversity services, their lower outcome ratings may reflect the naturally higher failure rate of high-risk ventures (IEG 2013).

However, innovative projects may not always be high risk. Though many projects identified as innovative in this review and more generally in the literature are higher risk than the overall GEF portfolio, there are others that come within the definition of the term but are not typically categorized as high risk. For example, projects that introduce commercially proven technologies, financial instruments, or business models new to a country or market have risks of market acceptance and sometimes needed policy reforms but if implemented with strong country support would not typically be categorized as high risk. World Bank and International Finance Corporation projects financing energy efficiency introduced a significant new instrument but were never thought to be high risk once public and private banks with a willingness to participate were identified. The measures were all fully proven and commercially available, and by directing funds to existing bank clients the risks of default were expected to be low.[3]

One way to manage innovation and risk is to distinguish between risk and radical uncertainty (Feinstein 2020). While risk implies knowledge of possible events and their probabilities, and therefore can be managed with knowledge or assessments that help improve the design of interventions, radical uncertainty implies no knowledge of events and their probabilities. As such, studies and design refinements do not reduce uncertainty, as stakeholders deal with "unknown unknowns." Thus, it would be important to allocate more resources to implementation, monitoring, and evaluation, and encourage adaptive management to deal with radical uncertainty in innovative projects and programs.

Systematic monitoring and evaluation (M&E), knowledge, and learning from innovative pilots have been a limitation. While the GEF has been proficient at supporting innovation in its early stages, it has sometimes missed the opportunity to replicate and scale up successful innovations and pilots. While sustainable financing is one impediment, the absence of M&E to capture lessons in many innovative projects, particularly medium-size projects, and the limited knowledge sharing from innovative projects have hampered learning from previous failures and successes. Real-time knowledge exchange and rapid dissemination of outcomes through a variety of knowledge platforms and instruments are needed.

New technologies, big data, artificial intelligence and analytical methods applied within projects, can enhance the quality of M&E, and improve GEF operations and oversight. Big data and artificial intelligence help improve predictive modeling, and large-scale forecasting is enabling both better project design and more informed M&E. There are a few examples of such applications within the GEF context. For example, in the Pacific Islands Oceanic Fisheries Management Project (GEF ID 2131), an important technological innovation strengthened the vessel monitoring systems for monitoring, control, and surveillance, employing a satellite-based geospatial vessel tracking platform. This platform was the world's largest international satellite–based vessel tracking program at the time of project closure. The Global Forest Watch, a dynamic online forest monitoring and alert system supported by the GEF, is one of the

most widely used forest monitoring platforms. Several national projects within the Global Wildlife Program use conservation technology such as e-CITES, the Wildlife Management Information System (W-MIS), and Spatial Monitoring and Reporting Tool (SMART) tools to strengthen biodiversity conservation efforts.

7.2 Scaling-up

The GEF has supported early-stage innovation quite proficiently over its 30-year history; however, opportunities to replicate and scale up these innovations have sometimes been missed. The IEO's Fifth Overall Performance Study (OPS5) highlighted that scaling-up of innovative projects had taken place in only 20 percent of projects upon their completion, indicating the need for a longer-term approach to achieving impact at scale. IEO evaluations on transformational change and the GEF's support for legal and regulatory frameworks also highlighted the importance of the scaling process in achieving larger-scale impact (GEF IEO 2017d, 2018e). The GEF-6 and GEF-7 Programming Directions have explicitly included support for transformational change to achieve global environmental benefits on a larger scale.

The evaluation on GEF support to scaling-up, on which this section is based, is the first study that systematically assesses the scaling process and the conditions and factors that influence it. Using a purposive sampling approach, the evaluation includes 20 cases covering a span of 20 years from the GEF pilot phase to GEF-5.

SCALING UP IN THE GEF

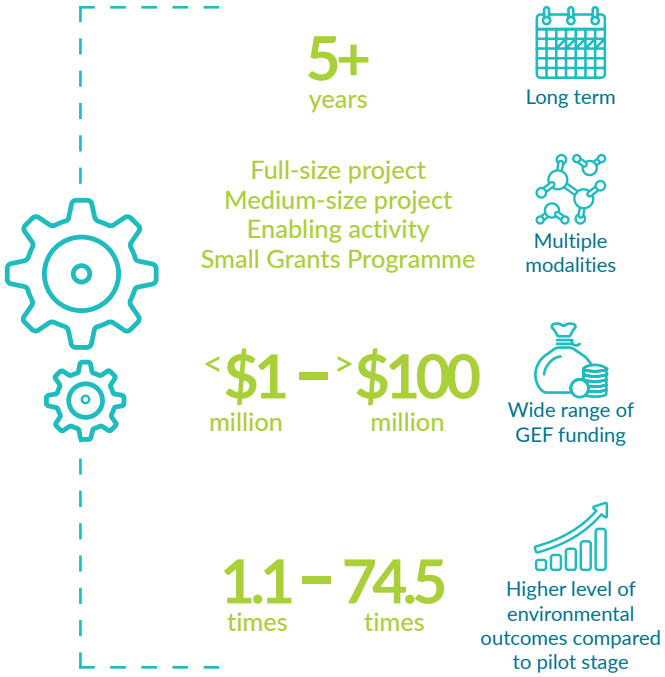
Scaling up in the GEF is defined as increasing the magnitude of global environmental benefits, and/or expanding the geographical and sectoral areas where they are generated to cover a defined ecological, economic, or administrative unit. The scaling process takes place over a longer period of implementation and through more than one project, and as such, scaling-up objectives need to be continually set and achieved until impacts are generated at the magnitude and scope of the targeted scale, with continuous learning to ensure that the scaling-up process continues to be appropriate.

The GEF's focus on scaling is more explicit than in many other international development institutions. Over the past three decades, the GEF has gradually shifted its focus from pilots to scaled-up interventions. A review of focal area strategies and interviews with members of the GEF partnership show this shift, which in part stems from the partnership's much better understanding of what interventions work, based on the portfolio of demonstration projects implemented during the GEF's early replenishment periods. However, like other institutions, the GEF's vision for scaling-up is not consistently clear in operational guidance across its portfolio.

GEF support to scaling-up activities has varied widely in terms of grant amount, time frame, and project modality. Typically, this support lasts for longer than five years and leverages higher cofinancing ratios than at the early stage (figure 7.2). GEF funding has been most frequently used to support three enabling conditions for scaling-up: knowledge and information that motivate stakeholders to adopt an intervention; incentives that address barriers to adoption; and strong institutional and individual capacities for stakeholders to adopt an intervention at scale. In addition, GEF projects have been successfully scaled up by working with appropriate influencers and institutions, and leveraging contextual conditions at the right time to align with project objectives.

Replication, mainstreaming, and linking are the mechanisms through which scaling up takes place in the GEF. The three modes may take place through one or more projects, in parallel or in sequence. The GEF partnership

Figure 7.2 Characteristics of successful scaling-up cases



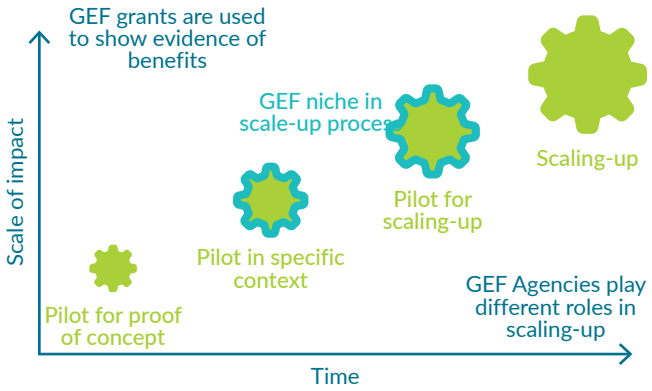
benefits from its Agencies having different competitive strengths in different modes of scaling.

- **Replication** refers to implementing the same intervention multiple times, thereby increasing the number of stakeholders and/or covering larger geographical areas, usually by leveraging finance, knowledge, and/or policy. In the GEF context, countries typically use replication in connection with larger financing and technical assistance provided by multilateral development banks.
- **Mainstreaming** involves integrating an intervention within an institution's regular operations, usually through a policy or law. While mainstreaming typically occurs within a specific national or local government agency, it may also occur simultaneously through multiple government agencies or in other institutions, such as donors, civil society organizations, or private companies.
- **Linking** involves the implementation of multiple types of interventions that, by design, all contribute to the same impact at the scale of a system (such as a landscape, seascape, large marine ecosystem, eco-region, value chain), defined by environmental, economic, or administrative boundaries. Smaller agencies primarily play a convening and coordinating role to bring coherence to the multiple interventions across a system, especially those crossing country boundaries.

The GEF's competitive advantage lies in supporting innovative pilots that demonstrate benefits and in establishing enabling conditions for scaling-up. These strengths attract support from other actors that then provide funding for full scale-up (figure 7.3). The evaluation found that in 8 out of 20 successful scaling-up cases, interventions were scaled up through other funding sources after the GEF-funded pilots demonstrated positive outcomes. In many programs—especially in the climate change focal area—GEF support has been strategically used to fund innovative pilots that are then scaled up by others.

In June 2021, the GEF Council welcomed the Long-Term Vision on Complementarity, Coherence, and Collaboration between the Green Climate Fund

Figure 7.3 GEF competitive advantage in scaling



and the GEF (GEF Secretariat 2021b). Among other issues, the vision outlines how the two funds can coordinate and therefore maximize their support to countries. Two of the identified models or pathways are for the Green Climate Fund (GCF) to (1) scale up completed GEF projects, and (2) cofinance the preparation of pilots in GEF-8, so that future scaling-up by the GCF will be built into the GEF's project design at the outset. The partnership builds on each fund's competitive strengths, with GCF having more options for blended finance that are suited for larger-scale initiatives. This is consistent with the evaluation finding that in 40 percent of the cases, interventions were scaled up through other funding sources after the GEF-funded pilots demonstrated positive outcomes. For example, the GCF has approved a $43 million project that builds on a GEF biodiversity project in India to influence systemic changes in coastal zone adaptation using ecosystem-based approaches.

RESULTS IN SCALING UP INNOVATIVE PILOTS

Scaling up innovative pilots has resulted in efficiencies and better outcomes. The IEO evaluation noted a higher magnitude of environmental outcomes per dollar per year during scaling-up versus the pilot stage. In the China Renewable Energy Scaling-up Program case, for example, the pilot project (GEF ID 446) demonstrated the viability of large-scale wind and photovoltaic technology with $35 million in GEF grants over nine years. The scaling-up project and its second phase still under implementation as of 2018 (GEF IDs 943 and 4493) have focused on wind energy, totaling $65.5 million in GEF support over an expected implementation period of 12 years. The installed renewable energy capacity has increased 8.6 times during this period, from 19 MW/million dollar/year to 164.5 MW/million dollar/year as of midterm.

In a climate change adaptation in the Philippines (GEF IDs 3243 and 4967), 607 people benefited from an innovative weather index–based insurance over 6.5 years with $5 million in GEF grants during the pilot project. The scaling-up project covered 2,413 beneficiaries in three years of implementation with $1.1 million GEF grants. The number of beneficiaries covered in relation to GEF grants during the scaling up project was almost 40 times higher than that during the pilot project. In the sustainable land management (SLM) case in Ethiopia (GEF IDs 2794 and 5220), the pilot stage lasted for five years, bringing 2,734 hectares of land under SLM per million dollars per year. By midterm, in the 3.5 years of scaling-up following the pilot, this had increased 4.6 times, to 12,674.5 hectares per million dollars per year.

The GEF has contributed to postproject continuation of scaling-up activities by catalyzing sustainable financing sources and strengthening institutional capacities. However, political and economic changes can pose risks to long-term sustainability of scaling-up activities.

Elimination of PCBs in North Macedonia

In North Macedonia, the GEF funded the purchase of equipment to treat polychlorinated biphenyls (PCBs) through a medium-size project (GEF ID 2875). The equipment was operated by a private company that had an existing network of clients in the country as well as in the larger Balkan region. Since the equipment was provided at no cost, providing PCB treatment services has been a profitable venture for the company, and affordable for the client companies that are required by law to have their transformers treated. Almost 22 percent of identified PCBs (167.25 out of 764 tons) was eliminated by the end of the medium-size project in 2013, resulting in a standardized outcome of 1.32 percent of PCBs eliminated per million dollars of GEF support for every year of implementation.

This outcome was made possible not only by strengthening private sector capacity but by first strengthening government capacity to support the private sector. An enabling activity that preceded the medium-size project established a persistent organic pollutants (POPs) unit within the Ministry of Environment. The unit has now built the capacity to manage all chemicals-related projects in the country and has also been assisting other countries to complete their inventories. As of July 2018, PCB elimination in North Macedonia had increased to 87 percent without further GEF support, equivalent to an additional 65 percent within five years postproject. This translates to a standardized outcome of 3.63 percent of PCB eliminated per million dollars per year, or almost three times higher than at project end.

Not all transformers with PCBs in North Macedonia have been treated—in part, because the companies that own them have gone bankrupt and cannot pay for the treatment. This limitation was known before the project ended but had not been addressed as of 2018. A similar GEF-supported project in Mongolia has established a PCB treatment facility run by the government. As it is publicly owned, the government has introduced financing schemes for bankrupt companies to have their PCBs treated.

Increasing protected areas in Brazil

Through the Brazil Amazon Region Protected Areas (ARPA) Program (GEF IDs 771 and 4085), GEF support sought to scale up the total area of rainforest under strict protection. Two major activities implemented were the creation of new protected areas and the consolidation of existing protected areas. During the pilot stage, a total of $30 million in GEF grants helped to create 24 million hectares of new protected areas and consolidate 0.94 million hectares of protected areas in six years. In the scaling-up stage, $15.9 million in GEF grants contributed to the creation of 5.6 million hectares of protected areas and consolidation of 33.9 million hectares of protected areas in 5.5 years.

The scaling-up project was able to consolidate an area 74.5 times larger than the pilot project for the same cost within the same amount of time, but was able to create less than half the area of new protected areas as the pilot project for the same amount. This was most likely a consequence of political changes during the scaling stage that led to Congress freezing the budget and degazetting protected areas in 2017. This was the exact opposite of what the project had planned as its exit strategy, which was for the government to increase the budget for scaling up the ARPA program. Because of this unexpected political change, international donors and the national government's executive branch decided to maximize the use of funds by ensuring that existing protected areas continued to function rather than expanding to new areas. Pressure from both national and international stakeholders, especially civil society, eventually contributed to the president vetoing the degazettement in the same year.

Expanding the PES program in Costa Rica

Costa Rica's innovative payment for environmental services (PES) program was piloted and then scaled through two sequential World Bank–implemented projects (GEF IDs 671 and 2884) that started in 2000. The first project brought 130,900 hectares of land under PES contracts in six years with $8 million in GEF grants. The second project placed another 166,004 hectares of land under PES contracts in 5.5 years with $2.5 million in GEF grants. The rate at which forests were protected under PES contracts in the scaling project was 12,073 hectares per million dollars per year or 4.4 times higher than in the pilot stage. The higher outcome per GEF dollar may be attributed to an increase in cofinancing from $41.2 million in the first project to $118.1 million in the second project. The actual cofinancing was

about $30 million higher than what had been committed during the second project's design stage. The benefits of the approach demonstrated by the first project convinced the national government to invest more, illustrating the leverage in using GEF grants. As of 2017, 1.2 million hectares were reported to be under PES contracts, not including the area benefiting from the biodiversity trust fund.

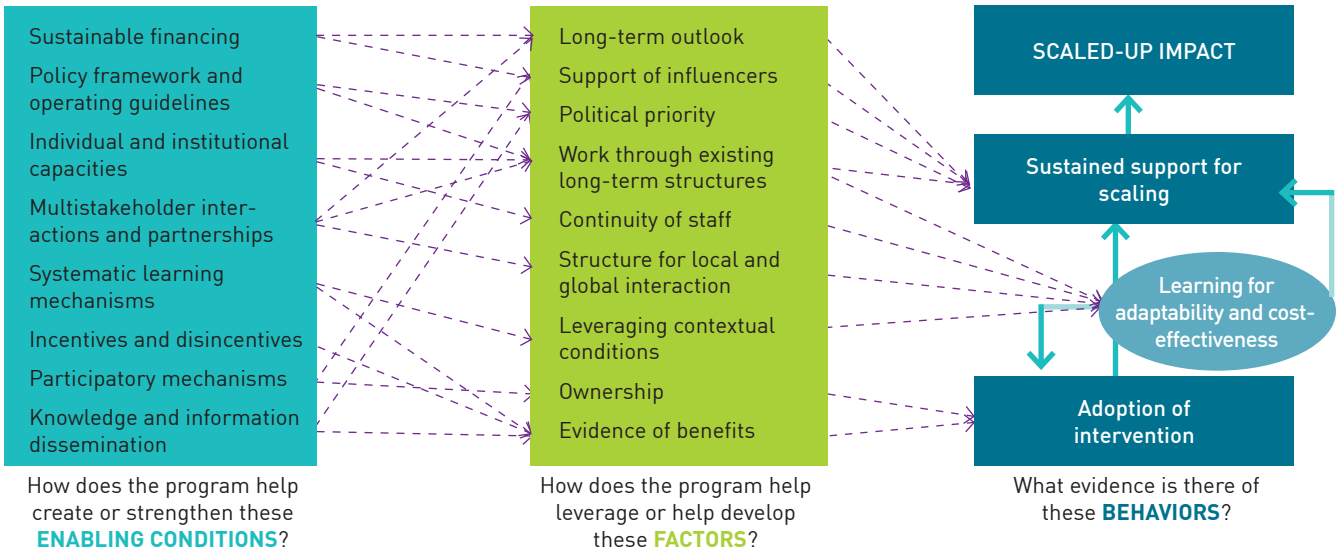
Costa Rica's PES program has continued to run since GEF ended support in 2014. It continues to be funded by revenues from a fuel tax and water tariff that are intended to offset carbon emissions from fossil fuel use and costs of maintaining watersheds that provide water to municipalities, respectively. As of 2018, a GEF-supported biodiversity trust fund created by the project generated a guaranteed annual return of 5 percent, which was used to fund operations and the biodiversity payments. While these and other smaller revenue sources have allowed the program to continue, the program is always oversubscribed, and beneficiaries interviewed said that payments are not enough to replace income. Since the government has made a strong push toward decarbonization, revenues from the fossil fuel tax are expected to eventually end. Private companies that used to be another source of revenue for payments, such as hydroelectric power plants and bottling companies, have also stopped participating in the program as it was no longer financially viable for them. As of 2018, the newly elected government was in discussions over new possible revenue sources.

FACTORS INFLUENCING SCALING-UP

Adoption of the intervention by relevant stakeholders, sustained support for scaling up activities and learning for adaptability and cost-effectiveness are three key actions needed for scaling-up to take place. Figure 7.4 shows the factors and enabling conditions that influence these three actions.

Relevant stakeholders must develop a sense of ownership of the intervention and be aware of its benefits, to be willing to adopt and implement the intervention.

Figure 7.4 Scaling-up framework



Participatory activities such as public consultations during project preparation, village committees, and community-based natural resource management agreements can influence stakeholder ownership and buy-in. In Namibia, GEF-supported projects (GEF IDs 1505 and 4669) helped reduce poaching and increase support for protected areas by engaging communities in the development of policies and bills for biodiversity protection and tourism. Community members such as civil society groups, tour companies, and other land users who previously did not collaborate were regularly brought together through the creation of landscape associations. Funding for food, fuel and a meeting space provided opportunities for park personnel to interact with these communities as partners.

Stakeholders are motivated to adopt the intervention because they perceive the benefits in terms of gains, avoided losses, or both. Gains are usually noted in the form of higher income, cost savings, or new business opportunities; losses avoided are usually in the form of penalties, legal liabilities, or decreasing income due to a degraded natural resource base. For example, when farmers in China and Brazil switched to sustainable land management (GEF IDs 956, 2369, 3483, 3484, 3608, 3611 and 1544), it resulted in both the protection of forests and grasslands and higher incomes from livestock and farm produce. At the same time, the innovative practices prevented the land and watersheds on which their income depended from being further degraded.

Pilot activities are sometimes not successfully scaled up because the gains are not sufficient to overcome the costs of changing the status quo. For example, a GEF project introduced the planting of buffer strips along the river and pasture rehabilitation as part of managing nutrient pollution in the Danube River (GEF ID 1159). The pilot was successful, yet did not scale in a subsequent project, in part because the country provided subsidies to farmers with pastureland. This left little incentive for farmers to include forestry activities in land management. Other components of the project that demonstrated benefits, such as waste management platforms that reduced manure in waterways, were successfully scaled up and continue to expand without GEF support.

Supporting institutions need to sustain the enabling conditions for projects to be successfully scaled. This evaluation, consistent with other research on scaling up,[4] has found that, in general, sustained support of between 10 and 20 years is necessary for scaling-up to take place. This suggests that support for scaling-up efforts needs to be sustained over at least two project cycles, such as those seen in GEF support for large marine ecosystems under the international waters focal area. Using the transboundary diagnostic analysis–strategic action program (TDA-SAP) approach, the GEF typically supports both piloting and scaling-up stages in transboundary waterbodies before governments and other donors fully support further scaling.[5]

The necessary enabling conditions that sustain scaling-up activities are similar to those that make innovations successful. First, knowledge and information dissemination, participatory processes, and appropriate incentives are needed to motivate adoption of interventions. Second, strong institutional and individual capacities, policy framework and operating guidelines, and sustainable financing provide the resources for sustained implementation. Finally, multistakeholder interactions and partnerships and systematic learning mechanisms allow the scaling-up process to be adaptable and cost-effective in the face of changing contextual conditions.

By strengthening these enabling conditions, the likelihood of long-term support for scaling processes is increased. These enabling conditions can facilitate

scaling-up to become a political priority, gain the support of political and economic influencers, and strengthen the capacities of existing long-term structures and institutions that can continue scaling-up activities beyond project completion.

Learning from systematic feedback and adaptation to changing contexts play a key role in sustaining the scaling process. As also noted in the successful innovative projects, systematic learning activities and mechanisms, learning from project evaluations, and adaptive management contribute to the scaling-up process. Most scaled-up projects involved learning during project implementation resulting in more cost-effectiveness. Learning also made it easier for stakeholders to adapt interventions.

Systematic learning mechanisms were usually in the form of knowledge exchange networks and regular multi-stakeholder meetings. Several cases also used midterm reviews and terminal evaluations to improve the scaling process. For example, in the case of Romania (GEF IDs 1159 and 2970), the project objective was to reduce agricultural waste flowing into international waters. By taking on lessons from its evaluation, the project reallocated funds from an expensive, concrete-made waste management platform to a cheaper, equally efficient plastic alternative. The reduced costs of producing the waste management platform led to more platforms being deployed, which allowed more farmers to benefit from the funds.

Adaptability was integrated into project design by allowing flexibility on the choice of interventions to adopt and scale up based on context. For example, the Rural Electrification and Renewable Energy Development project (GEF ID 1209) aimed to provide renewable energy to off-grid communities in Bangladesh. In addition to incorporating lessons from previous experience in Bangladesh and in other countries, the project design had a provision to scale up support for the model with the most promise. Throughout its implementation, the project continuously incorporated lessons from its own pilot approaches, and as the national demand for the solar home systems grew, the project shifted its focus to this component. Ultimately the project scaled up support to the most successful model, which used microfinance ownership rather than a fee-for-service approach. Within this model, the project also utilized M&E data from the field to incorporate new specifications and technologies (such as LEDs) in solar home systems to better serve lower-income households; this in turn made solar home systems more attractive to a larger population (IEG 2014).

By its completion in 2012, the project far exceeded its initial target of 50,000 solar home systems, installing 1.88 million units and bringing clean energy to 6 percent of the nation's population (IEG 2014). By December 2017, with donor support, 4.13 million solar home systems had been installed, covering 12 percent of the population (IDCOL 2017). However, since late 2014, the rate of installations in Bangladesh has slowed down, partly due to the rapid acceleration of grid connections. In response, the executing agency, IDCOL (Infrastructure Development Company Limited), is taking several steps to keep microfinance institutions on the market, by providing financing to engage in other renewable energy programs, such as solar irrigation, improved cookstoves, and solar mini-grids (World Bank 2018).

7.3 Innovation and scaling up: The way forward

The GEF may be well positioned to continue on a trajectory of innovation and respond to the current multiple, interconnected crises. The GEF is perceived to be less bureaucratic and more supportive of innovation than

many other institutions that finance environmental action (box 7.4). The GEF's efforts on integration across focal areas placed the GEF ahead of other comparable funds. At the same time, stakeholders interviewed for IEO evaluations pointed to positive examples for the GEF to learn from, including the Climate Investment Funds' collaborative model and the opportunities it provides for scaling up and the flexibility of the Swiss State Secretariat for Economic Affairs (SECO), which provides a contingency budget at approval and allows reallocation of funding within the same project during implementation.

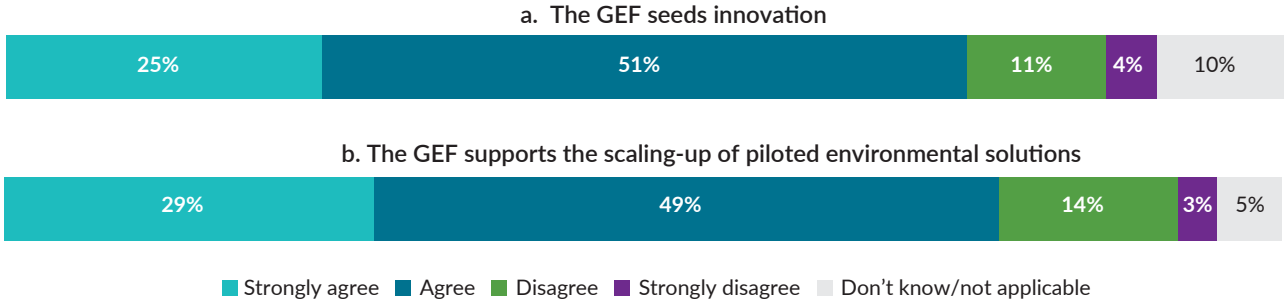
Despite the positive experience of the GEF in supporting innovation, some obstacles remain that need to be addressed going forward with GEF-8 and beyond. Since many innovations involve risks, greater clarity is required on acceptable levels of risk for the GEF portfolio. Innovation support programs may mobilize larger sources of risk capital and partnering with them may be a way forward for the GEF. A separate funding window for innovative projects, good monitoring, explicit encouragement of adaptive management, and flexible funding, such as a contingency component, may create a more favorable environment for innovation. Regular monitoring, midterm reviews, evaluation, and real-time knowledge sharing regardless of project size would provide valuable insights into success and failure prior to scale-up or replication.

The GEF has supported scaling up of innovative pilots by establishing enabling conditions, choosing the appropriate influencers and institutions to work with, and leveraging contextual conditions at the right time. Even though the GEF 2020 Strategy and programming directions set a clear vision and goal to scale up global environmental benefits, the extent of GEF support to scale-up and the rate at which outcomes are scaled

Box 7.4 How well does the GEF support innovation and scaling-up?

The GEF is recognized as an innovative institution in the environmental and climate finance space with a solid track record in supporting the scale-up of successful pilot projects. GEF support provides a framework that enables key stakeholders to experiment with creative solutions to both long-standing and emerging issues, which when successful can be scaled up. In an IEO survey conducted for OPS7, 76 percent of respondents agreed or strongly agreed with the statement "GEF seeds innovation" (figure B7.4.1). According to 78 percent of respondents, GEF supports the scaling-up of pilot environmental solutions.

Figure B7.4.1 Respondents' extent of agreement on GEF support of innovation and scaling-up



vary by focal area, but typically take place over more than five years and generate higher outcomes per GEF dollar per year. Additionally, operational guidance for scale-up is not consistently clear across all programs and projects, and indicators used are not always consistent between the pilot and scaling-up stages, limiting the ability to track progress.

NOTES

1. According to a new study by the government of Japan, solar power will overtake nuclear power as the cheapest source of energy for Japan in 2030 (Kyodo News 2021).
2. The European Investment Bank, the Eastern Europe Energy Efficiency and Environment Partnership (E5P), and the Green Climate Fund.
3. The first such project was the China Utility Energy Efficiency Finance Program, approved in 2005. The primary barrier proved to be the lack of familiarity with evaluating the financial benefits of cost-saving energy efficiency improvements among Chinese banks at the time. The project provided training and a partial risk guarantee that was rarely (if ever) required leading to an ex post evaluation that more risk could have been taken (IFC 2013).
4. For example, Cooley and Linn (2014).
5. The TDA-SAP methodology refers to the focal area's approach of first defining the key environmental issues to be addressed in a large marine ecosystem or water basin through a TDA, followed by an SAP endorsed by countries that outlines how each will address these issues to achieve global environmental benefits at the scale of the transboundary waterbodies.

CHAPTER 8

ENGAGEMENT WITH THE PRIVATE SECTOR

8.1 Rationale for GEF engagement with the private sector

The public sector has a vital role to play in the transition to sustainable economic growth, but the private sector also plays a substantial role in this space and provides the bulk of the financing for solutions to our global environmental challenges. According to the Climate Policy Initiative, private finance, which reached $326 billion on average annually in 2017/2018, continues to account for most climate finance, at about 56 percent. Despite the total record high flows of $612 billion, action is still short of what is needed, with estimates for requirements to achieve the 1.5˚C scenario ranging from $1.6 trillion to $3.8 trillion annually until 2050.[1]

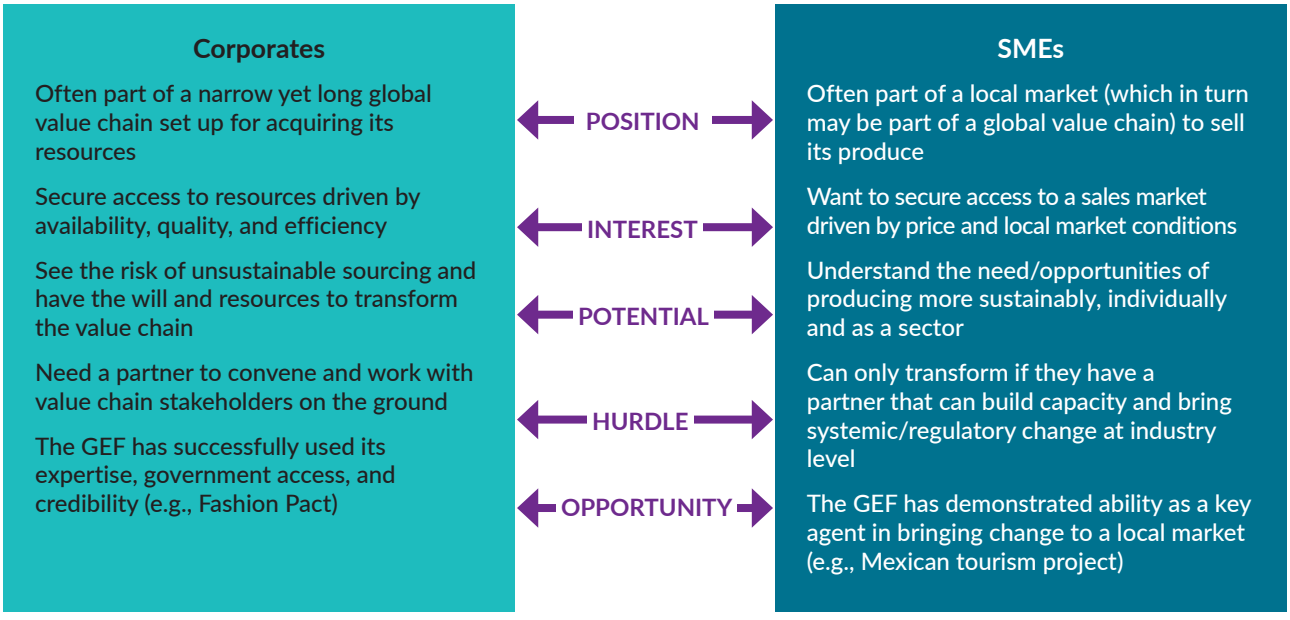
Considering the important need to address other environmental challenges such as biodiversity loss and land degradation, the financing gap is even larger. Addressing these gaps requires collaboration between governments, development agencies, and private investors to scale up their financing and advisory support in all environmental sectors and identify business models that can enable private investment. The good news is that the capital is available, and investors are increasingly interested in combining their capital with some form of environmental or social return. The United Nations Conference on Trade and Development estimates that the value of sustainability-themed investment products in global capital markets amounted to $3.2 trillion in 2020, up more than 80 percent from 2019, and is increasing (UNCTAD 2021). However, much of this

investment in conservation finance is in developed country markets, mainly because of the obstacles faced by the private sector in other countries.

The hurdles that deter the private sector from adopting sustainable practices are similar across GEF focal areas. Companies often lack incentives and knowledge, and suboptimal regulatory frameworks do not push laggards to comply with minimal standards. There is often no financial or fiscal regime incentivizing needed investment, and many companies simply do not know where and how to start. Although illiquidity would seem to be the largest constraint, misalignment in strategy, risk appetite, and project viability are bigger. Finally, market failures leave several investments funded by the wrong mechanism in wrong circumstances, or unfunded because they do not meet rigid eligibility criteria. Using a "one-size-fits-all" approach in financial and other forms of support for all firms, regardless of size, does not work. There is significant heterogeneity in the private sector, with firms of different sizes, such as micro, small, and medium enterprises (MSMEs), which face different and more severe constraints, than their larger counterparts in the same sector.

Governments and development agencies, including the GEF, have an important role in facilitating private environmental finance through addressing these barriers. This would include developing and applying an appropriate suite of advisory and financial instruments, such as assisting with establishing regulatory frameworks to ensure policy and market certainty, support for institutional arrangements that blend private and public interests (e.g., public-private partnerships), and providing technical expertise and blended finance that reduce risks and make projects commercially viable. In fact, as figure 8.1 demonstrates, the differences in the hurdles are in fact mostly found in the contrasts between global corporate markets and local small and medium enterprise (SME) markets. In this space, the GEF has the potential to be an agent of change for both corporates and MSMEs, based on its technical expertise

Figure 8.1 Comparison of global corporate markets and local SME markets



Note: Financial institutions can also be a powerful agent of change for both corporates and SMEs, but only if equipped with adequate knowledge, risk models, and products on offer.

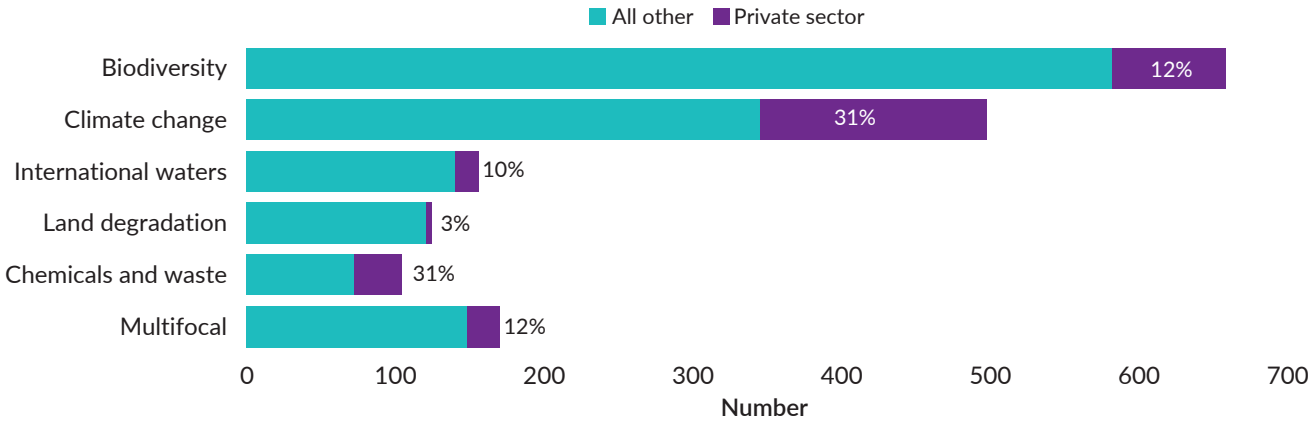
on environmental issues, its varied set of advisory and financial instruments, and its capacity to engage firms of all sizes—micro to large. These capabilities will be even more important as the GEF progresses with integrated approaches in its programs, where it is working with the private sector in scaling up the generation of global environmental benefits, using value chains as an organizing framework for delivering interventions, working with MSMEs as well as big corporates.

This chapter draws on four recent evaluations of the GEF's experience with the private sector: Evaluation of GEF Engagement with the Private Sector, Evaluation of GEF Engagement with MSMEs, Evaluation of the GEF-UNIDO Global Cleantech Innovation Programme, and Evaluation of the Nongrant Instrument (GEF IEO 2017a, 108a, 2021k). It highlights the main areas of GEF's engagement with the private sector and the instruments, performance of GEF projects with private sector participation, and the current constraints to the GEF's engagement with the private sector. Finally, the chapter presents an assessment of the recently approved Private Sector Engagement Strategy and its potential to help the GEF strengthen future private sector engagement.

8.2 The GEF's areas of engagement with the private sector

The GEF does not define or identify a single entity or sector as constituting "the private sector," and it defines private sector engagement as "broad partnerships rather than specific capital investments." Guided by the environmental conventions that it serves, the GEF has a long history of working with a wide range of private sector partners. Of 1,711 GEF-supported projects with terminal evaluations, 18 percent (303 projects) included activities relevant to the private sector.[2] The number of projects with private sector participation has been increasing over the GEF replenishment periods, from 7 percent in GEF-1 to 13 percent in GEF-2, 27 percent in GEF-3, and 41 percent in GEF-4.[3] A higher percentage of climate change and chemicals and waste projects had private sector participation (figure 8.2). A third of the projects were implemented in Asia (33 percent), followed by Europe and Central Asia (23 percent) and Africa (20 percent). The United Nations Development Programme, the World Bank, the United Nations Industrial Development Organization (UNIDO), and the United Nations Environment Programme have implemented 97 percent of the projects.

Figure 8.2 Number and percentage of completed projects with private sector involvement by focal area



Source: GEF IEO Terminal Evaluation Review Database.

The GEF has had a long history of supporting MSMEs. Half the private sector projects in the closed portfolio involved MSMEs, mainly to adopt interventions that generated global environmental benefits and financially sustain them. MSMEs include all micro, small, and medium-scale profit-oriented entities, including individuals, that earn income through the sale of goods and services, rather than a salary. As early as 1994, the GEF invested in what would become a 20-year SME program to make long-term, low-interest funding accessible to SMEs for high-risk, innovative projects that contributed to climate change and biodiversity targets. In the portfolio of completed projects, MSMEs were more involved in biodiversity, climate change, and multifocal area projects.

The GEF's recent focus on a transboundary value chain approach to address the drivers of environmental degradation in commodities such as soy, beef, and palm oil or in artisanal gold mining will require contributions from all supply chain partners—from the producers in local markets to multinational manufacturers and retailers. The constraints of local and multinational producers vary. Local producers, which are predominantly MSMEs, can only transform if they are supported by partners that can build capacity, offer financial resources, enforce compliance with regulation, and help shape conditions for a pricing mechanism that is based on true value. Large multinational companies sourcing from global supply chains will need assistance to source from local MSMEs to produce at scale. Addressing constraints faced by MSMEs will be important for implementation of the value chain approach to achieve global environmental benefits in the integrated, impact, and other focal area programs, and the GEF can build on prior experience in this area.

The most common GEF project activities addressing private sector constraints include technical knowledge and skills training, technologies or practices, and access to grants or financing for interventions that generate global environmental benefits (table 8.1). Though not always directly engaging the private sector, upstream activities including the support for policy, laws and regulations were common in the portfolio of completed projects and the five integrated approach pilot (IAP) projects. Policy and regulatory reforms are critical to private sector investment because they create a level playing field for all enterprises. Most of the projects relied on more than one intervention model. This finding resonates with information from the interviews that corroborate that GEF projects are designed to address complex issues; hence, a variety of intervention models is needed to overcome the barriers to environmental protection.

Table 8.1 Most commonly supported activities in completed private sector projects

Supported project activities	Percent of private sector projects (*n* = 303)
Technical knowledge and skills training to implement intervention	74
Access to grants or financing	55
New or improved practices for producing global environmental benefits	61
Awareness and education/research studies on environmental issues or improving methods	53
Policy, laws, and regulations	44

Source: GEF IEO Terminal Evaluation Review Database.

Private sector project participants trained to provide support for interventions continued to do so (86 percent) and introduced technologies or approaches continued to be used (80 percent) at terminal evaluation. Some behavior change as an effect of knowledge and information dissemination initiatives was observed in 70 percent of projects. Formal adoption of policies, laws, or regulations was reported in 63 percent of projects. These projects are predominantly from the pilot phase to GEF-5.

GEF-6 and GEF-7 take a holistic and comprehensive approach to engaging the private sector as compared to previous replenishments.[4] The GEF-7 strategy of engagement rests on two pillars—working with the private sector as an agent for market transformation, and expanding the use of nongrant instruments (NGIs)—both with different objectives, characteristics, and operationalization. All Chief Executive Officer–endorsed child projects of the impact programs and 81 percent of the IAP child projects under implementation involve the private sector in some capacity. According to the quality-at-entry analysis (GEF IEO 2021f), half of the impact program child projects plan to engage private sector actors to adopt or implement global environmental benefit–producing interventions, while nearly a third of impact program child projects will engage private sector actors through multistakeholder platforms and through public-private partnerships.

Three specific priorities have been identified in such engagement (GEF 2014a): mainstreaming private sector engagement in its programming, project design, and monitoring and reporting strategies; engagement through its integrated approaches; and NGIs. These programs have adopted a value chain approach to integrate all types of private sector entities and address their relevant constraints (figure 8.3).

Fifty-five percent of the 31 IAP child projects under implementation and 67 percent of the 9 impact program child projects involve MSMEs, often as part of an intervention that engages a wider spectrum of private sector actors along the value chain.

Five intervention models identified in the GEF 2020 Strategy have been applied in GEF-6 and GEF-7 for addressing barriers to private sector engagement (table 8.2).

NGIs in the GEF refer to projects in which GEF financing is used in products and mechanisms that have the potential to generate financial returns, regardless of whether such returns accrue to the GEF. The GEF financing could be provided as a contingent grant, with no expectation of repayment, or as concessional finance, with an expectation of reflows. The GEF uses a broad spectrum of NGIs that fall into three categories: loans (such as fixed income/bond instruments,

Figure 8.3 Hurdles to sustainable production and sourcing in global value chains

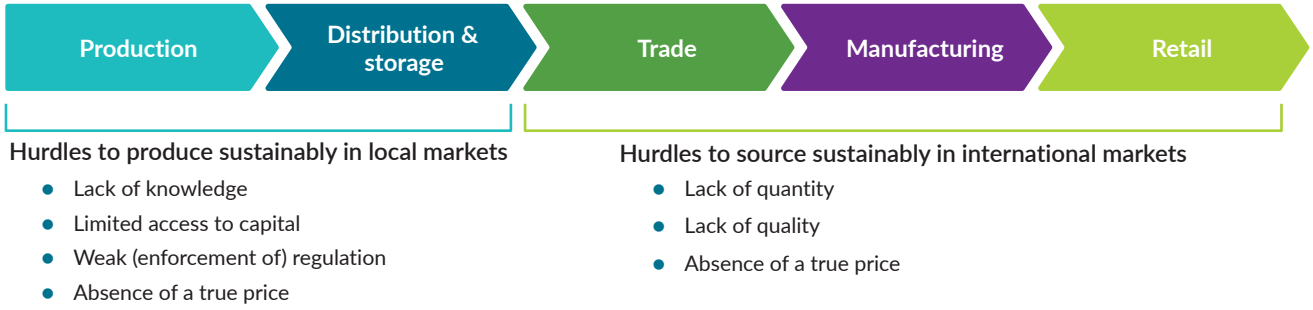


Table 8.2 Five intervention models for GEF private sector engagement based on the GEF 2020 Strategy

	Intervention model		Examples
	Transforming policy and regulatory environments	Incentivizing the private sector and consumers to make optimal decisions through consistent policy and regulatory environments	New policy and regulatory frameworks Feed-in tariffs for renewable energy
	Strengthening institutional capacity and decision making	Strengthening institutions and enhancing accountability in public and private decision-making processes	Capacity building for public agencies Advisory services (e.g., for SMEs)
	Convening multistakeholder approaches	Collaborative goal setting by a partnership of a variety of stakeholders to overcome complexity and coordination failures	Certification (e.g., Rainforest Alliance) Transformational targets (e.g., 80% of cocoa sustainable by 2020)
	Demonstrating innovative approaches	Supporting a technology, policy, or approach which can be adopted by a variety of stakeholders and subsequently scaled-up	Payment for ecosystem services Cleantech Innovation Programs
	Deploying effective financial instruments	Providing instruments that help cover risks or investment gaps, thereby providing incentive and leveraging private sector investments	Loan guarantees Revolving funds

concessional/contingent loans, and revolving funds); guarantees and risk mitigation (such as credit, risk, or performance guarantees); and equity investment (either direct participation in a company or through a fund). The rationale in using these instruments is threefold. First, it allows the GEF and its partner Agencies to use flexible financial instruments. Second, it helps strengthen partnerships between the private and public sectors. Third, the GEF can benefit from improved financial stability and sustainability through the generation of financial returns.

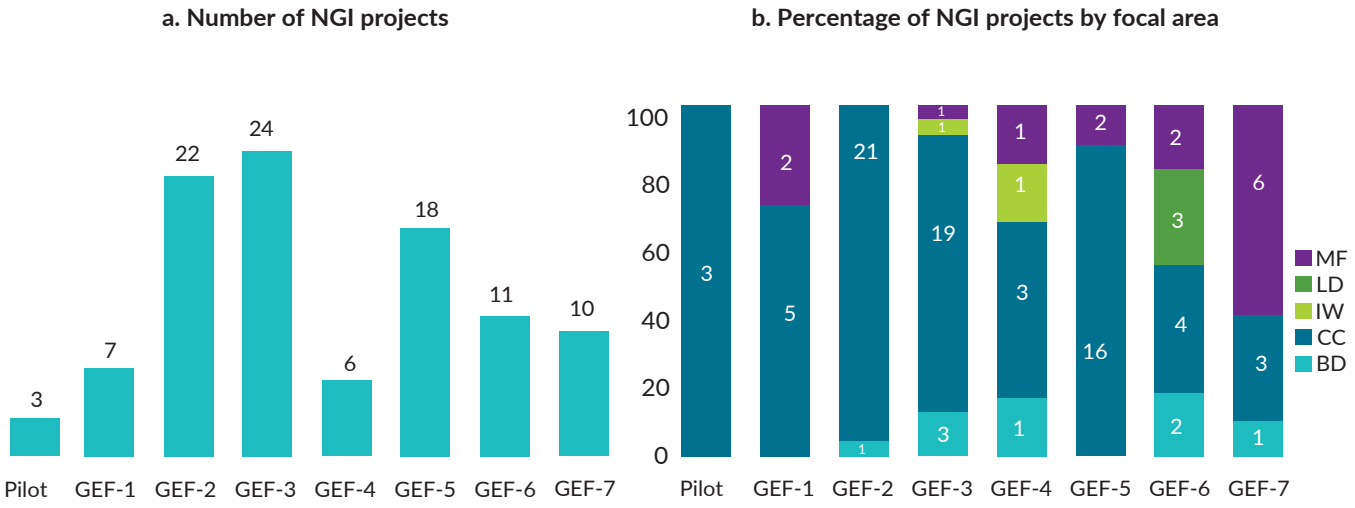
The GEF portfolio includes 101 NGI projects, 62 from the GEF pilot to GEF-4 replenishment (referred to hereafter as "the early interval"), and 39 from GEF-5 to GEF-7 ("the recent interval").[5] Most of the NGI projects in the recent interval (2010–22) portfolio are currently ongoing.[6]

The GEF has experimented with blended finance since 2008, initially focusing on renewable energy and energy efficiency but lately moving to "frontier" areas such as land degradation, biodiversity, and international waters where private sector investment is scarce (figure 8.4). In GEF-6 (2014–18), the NGI pilot supported 11 projects that provided $104.7 million[7] in GEF funding while attracting $1.4 billion in cofinancing. The cofinancing ratio in GEF-6 was approximately 1:16.[8]

Equity investments and debt instruments as NGI vehicles are better represented in the recent interval as compared to the early interval. Equity investments played a role in 38 percent of all 39 NGI projects in the recent interval, while debt was used in 31 percent of the cases. In the early GEF interval, equity investment and debt were used in 3 percent and 8 percent of the projects, respectively; risk mitigation and revolving funds were the most common NGI financing vehicles.[9]

The climate change focal area accounts for 59 percent of NGI projects in the recent interval, which is a significant decline from its 82 percent share in the early interval. Consistent with an overall GEF strategic shift to multifocal projects, the recent interval represents a more diverse NGI portfolio with a higher proportion of multifocal and land degradation projects. The number

Figure 8.4 Number and focal area of NGI projects by GEF replenishment period



Source: GEF Portal.

Note: *n* = 101 projects. BD = biodiversity; CC = climate change; IW = international waters; LD = land degradation; MF = multifocal. Numerals in figure 8.4b are numbers of projects in each focal area.

of NGI multifocal area projects more than doubled between the early and recent intervals, and the share of funding increased from 15 percent to 27 percent. The share of funding for NGI projects in the climate change focal area decreased from 73 percent ($342.5 million) to 57 percent ($212.5 million) between the two periods.

Nearly half (49 percent) of the NGI projects are implemented in Africa and through global projects in the recent interval. In contrast, during the early interval, nearly half (45 percent) of the NGI projects were concentrated in Europe and Central Asia (27 percent) and Asia (18 percent). The share of NGI projects in Africa increased from 15 percent in the early interval to 23 percent in the recent interval.

8.3 Cofinancing

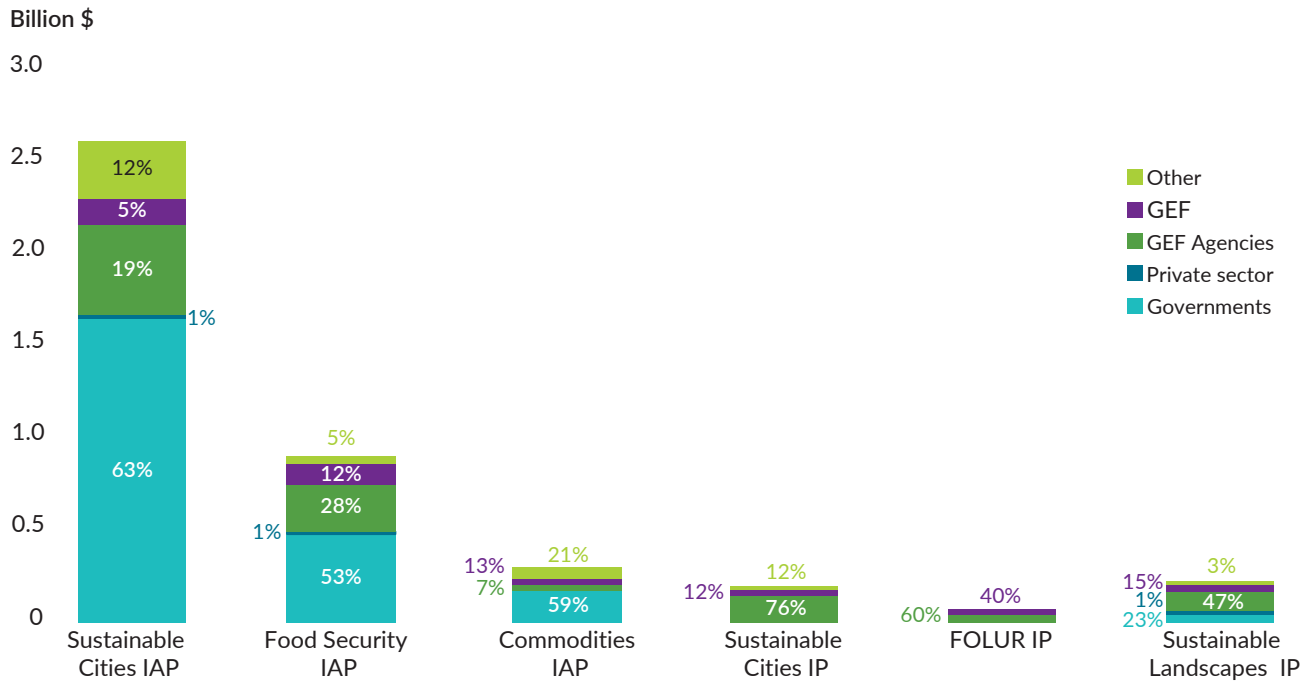
The average cofinancing ratio for completed private sector projects from the pilot phase through GEF-6 was significantly higher (5.9) than for the rest of the GEF's completed projects over the same period (4.0).

One of the benefits of engaging with the private sector is cofinancing: half of the projects in the private sector portfolio received private sector cofinancing. National corporations were the most common type of private sector cofinancer. Since GEF-6, a total of $4.2 billion were invested in 37 projects, of which $375 million were financed by the GEF and $3.9 billion by cofinancers.

Figure 8.5 shows that different needs in financial resources are reflected in the type of financers on which the integrated approach pilot and impact program projects would typically rely. In impact programs, the majority share of the financing is provided by GEF agencies, while integrated approach pilots channel a larger proportion of government cofinancing. In both impact programs and integrated approach pilots, the private sector contribution to funds is only 1.4 percent of the $4.2 billion invested in total.

In terms of cofinancing, however, there is a more varied use of financial instruments in the IAPs than in regular

Figure 8.5 Breakdown of cofinancing by cofinancer for impact programs and integrated approach pilots



Source: GEF Portal.

Note: Data on the GEF-6 and GEF-7 portfolio as of January 2021 from the GEF Portal. The data set used only includes projects that were at least CEO-approved/endorsed. Because of their small size, some of the cofinancers are not visible in the figure. Private sector cofinancing amounts to 1.4 percent of total cofinancing. IP = impact program.

focal area projects. While grant and in-kind contributions are still predominant, loan and equity instruments in cofinancing are prominent. In-kind, equity and loans each contributed respectively to 25 percent of the total cofinancing volume. Grants were used for 21 percent of the cofinancing.

In the case of nongrant instruments, the cofinancing ratios at appraisal have increased in the recent interval NGI portfolio compared with the early interval portfolio. The NGI project portfolio in the recent interval had, as of June 2021, achieved a cofinancing ratio of 15.7, compared to 4.4 for the early interval. The cofinancing ratio of the NGI portfolio increased by 60 percent between GEF-5 and GEF-7, rising from 13.2 to 19.9.

8.4 Performance

COMPLETED PROJECTS

The outcome and sustainability ratings for private sector projects were statistically comparable to the overall GEF portfolio of completed projects, with 82 percent of projects with satisfactory outcomes and 65 percent with high likelihood of sustainability at closure. Quality of implementation is significantly higher (86 percent) in the portfolio of closed private sector projects as compared with the overall closed set of projects (79 percent).

Seventy-six percent of projects generated environmental benefits to some extent. The most common

environmental targets in the closed portfolio involved reducing greenhouse gas (GHG) emissions and improving practices in landscape management. Half of the projects aimed to mitigate GHG emissions, and of these 78 percent reported doing so to some extent. These consisted mainly of climate change projects, followed by multifocal area projects. A quarter of projects aimed to place landscapes under improved practices in biodiversity and multifocal projects; of these 77 percent succeeded to some extent. Though only 14 percent of projects had targets directly related to terrestrial protected areas, 81 percent of these reported some successful outcomes.

Most private sector projects have generated environmental, social, and economic benefits. Most projects (78 percent) intended to create social and economic benefits as indicated in their results frameworks. Of these, two-thirds achieved their target to some extent through increased savings or reduced costs or increase in income and jobs, and access to finance was achieved in half the projects. Most of these benefits were reported to occur at the level of individual direct beneficiaries. Systemwide changes were seen in the form of improved ease of compliance with government regulations and improved financial, human resource management, or business systems.

MSME projects were associated with socioeconomic outcomes, particularly in relation to increasing access to financing and increased incomes, which were achieved to some extent in more than 60 percent of projects that aimed to generate these benefits. Ten percent of completed MSME projects succeeded in empowering women; and less than 10 percent of projects reported on outcomes for indigenous groups, youth, and stakeholders with disabilities. In the artisanal gold mining project in the Philippines (box 8.1), economic and social benefits such as reduced costs, higher savings or income, and healthier environmental conditions initially incentivized MSMEs to adopt environmentally sustainable technologies and practices. Nearly half of project beneficiaries were women actively involved in trainings and awareness-raising activities.

Private sector projects have been associated with transformational change; addressing policy and regulatory reforms has been a critical component in these projects. As discussed in chapter 7, transformational change is "deep, systemic, sustainable change with large-scale impact in an area of a major environmental concern" (GEF IEO 2017d), which is one of the strategic priorities of the GEF. When the private sector is engaged it can reduce risks and provide support to scaling up and sustainability. Mechanisms could include private sector cofinancing, influencing the government to prioritize environmental goals, forming multistakeholder partnerships between private sector and nonprivate entities and communities, and scaling up innovations.

For example, the Environmentally Sound Management and Disposal of Obsolete POPs Pesticides and Other POPs Wastes project in China (GEF ID 2926)—achieved transformational change through an approach which combined the introduction and testing of technologies, such as cement kiln co-processing, to destroy persistent organic pollutants (POPs). The project supported the policy and institutional framework to enable commercialization and scaling up by the private sector. With the closure of several cement plants due to overproduction in 2016, the government introduced a policy incentivizing cement plants to stay open if they agreed to include fly ash co-processing in the cement kilns for use in the production of building materials. This encouraged scaling up in the use of fly ash destruction technology and also offered companies an additional source of income while reducing input costs in cement production. The private sector provided $80 million in cofinancing, which was more than twice the planned cofinancing at

Box 8.1 GEF engagement with artisanal and small-scale gold miners in the Philippines

For many in the Philippines, artisanal and small-scale gold mining (ASGM) is a traditional source of livelihood. However, ASGM is one of the country's major sources of mercury releases into the air, soil, and water bodies, putting human health at risk.

From 2013 to 2016, the GEF funded the medium-size project Improve the Health and Environment of ASGM in the Philippines by Reducing Mercury Emissions (GEF ID 5216). The project introduced the gravity concentration method, a mercury-free alternative for extracting gold, to reduce mercury use and exposure in two pilot areas, Diwalwal and Labo. The project also supported the creation of a national-level ASGM institution to allow ASGM associations to formalize their sector, which would legalize their mining activities and give them access to government support services.

Through the project, miners increased their awareness of the hazards of mercury and knowledge of mercury-free mining. Stakeholders interviewed at the national and local levels said that the project also helped other ASGM actors—local governments, nongovernmental organizations, (NGOs) academia, and the ministries of environment, health, labor, trade and industry—gain a deeper understanding of mercury's negative effects and the need to address mercury use in mining.

Community exposure to mercury has decreased to some extent, as evidenced in reports that children no longer play with mercury. Project support toward formalization at the national and local levels has helped miners access government services, as well as successfully advocate for ASGM issues nationally. Both sustained outcomes have been made possible through sustained support for awareness raising and formalization from subsequent non-GEF projects managed by Ban Toxics, the same NGO that managed the GEF project.

However, miners did not get sufficient support to sustain the shift to the new method or adopt it beyond the project sites at a scale appropriate to their context. Most miners in Diwalwal have shifted away from mercury in favor of cyanide, while mercury use in Labo has remained the same.

Strict government enforcement of the national mercury ban, the option of using the carbon-in-pulp (CIP) or cyanide method as a more efficient mining method, and government support for CIP in the form of a processing facility, in combination, have made it easier for miners in Diwalwal to stop mercury use.

The high costs of applying for small-scale mining contracts, an easily accessible mercury supply, lack of site-appropriate mercury-free facilities, lax enforcement and alleged governance issues among government officials and law enforcers, and the low costs of using mercury in terms of time and money relative to mercury-free methods in combination make the continued use of mercury more attractive to miners in Labo.

The ease of continuing to mine with mercury relative to the obstacles to be overcome to sell to the formal market appears to be highly skewed toward continued mercury use in Labo. On the other hand, although Diwalwal has almost completely eliminated mercury use, its shift to cyanide may have environmental and health effects that need to be mitigated.

project approval. By 2018, several large companies in China bought licenses for the technologies introduced by the project. By completion, the project helped China eliminate a larger amount of POPs than was expected at project design, specifically exceeding the pesticide elimination target 5 times, the target amount of fly ash dioxins 3 times, and the target amount of fly ash 80 times. Technological changes introduced at an industrial scale based on policy incentives and stakeholder engagement were important drivers of success.

In another example highlighting the impacts of policy reforms through a regional project, the project Transforming the Global Maritime Transport Industry towards a Low Carbon Future through Improved Energy Efficiency (GloMEEP, GEF ID 5508) is a medium-size project that supported 10 pilot countries implement the necessary legal, policy and institutional reforms to reduce greenhouse gas emissions from shipping. This effort specifically aimed to help these countries (Argentina, China, Georgia, India, Jamaica, Malaysia, Morocco, Panama, the Philippines, and South Africa) implement Annex VI of the International Convention for the Prevention of Pollution from Ships (MARPOL).

By providing capacity building, enhancing intergovernmental coordination, promoting public-private partnerships for innovation and technology deployment, including training, all 10 countries drafted legislation to incorporate Annex VI of MARPOL into their national laws. The project also helped establish the Global Industry Alliance (GIA) to Support Low Carbon Shipping, with 14 active private sector members paying annual dues used to implement GHG reduction initiatives within their companies. Beyond their financial commitment, the diversity of stakeholders in GIA proved to be valuable for sharing perspectives, industry expertise, and new ideas for implementation. Among others, GIA produced the "Just in Time Arrival Guide," which promotes cooperation between port authorities and shipping companies to reduce GHG emissions from ships. Reducing GHG emissions through reduced fuel use makes a convincing business case for companies to implement, because fuel makes up a significant part of their costs.

Evaluation of project activities in Panama and Argentina found that GloMEEP was highly successful. In Panama, the project spurred the generation of several successful policy reforms, all sanctioned using institutional regulatory guidelines instead of more involved legislative changes. Implementation in Panama also achieved sustained collaboration from international private organizations, and local public and private institutions joined the national task force in Panama. Even in Argentina, where only one institution committed to be part of the project, GloMEEP helped generate networks between institutions and produce a maritime emissions assessment that was useful in the approval of a new law. To scale up the GloMEEP model, a new project named GreenVoyage2050 launched in 2019 with funding of $5.4 million from the government of Norway, with the aim of replicating GloMEEP in 12 countries.

Technical support, finance, and information activities which demonstrate viable technologies are instrumental in making MSMEs aware of the benefits of switching to practices and technologies that contribute to global environmental benefits and influence long-term sustainability. The Greening the Cocoa Industry project (GEF ID 3077) aimed to change production in 10 major cocoa-producing countries (Brazil, Côte d'Ivoire, Dominican Republic, Ecuador, Ghana, Indonesia, Madagascar, Nigeria, Papua New Guinea, and Peru) and business practices in cocoa and chocolate companies. This effort was expected to conserve biodiversity in cocoa production landscapes, provide greater long-term stability to the industry, and increase income for smallholders. The project catalyzed a change by bringing sustainability into the sourcing strategies of companies. Key players in cocoa and chocolate trade and industry committed resources to cofinancing, which enabled the provision of services and building the capacities of farmers and farmers' group in the project countries. Farmers received market incentives that included training and technical assistance in sustainable agricultural practices, a price premium for the certified cocoa, prefinancing, pesticide spraying, fertilizers and chemicals, and, in some cases, access to social services. Studies done in Côte d'Ivoire and Ghana showed that certification contributed not only to conserving soil and

water but also to raising the yield and income of the cocoa farms and to reducing child labor.

Weather Index–Based Insurance (WIBI), an alternative to traditional crop insurance, was scaled up under two GEF-supported projects (GEF ID 3243 and GEF ID 4967) from reaching 604 farmers to covering 2,413 farmers in eight provinces and establishing legal structures which aimed to mainstream and promote the use of WIBI across the Philippines. Project activities demonstrated the benefits to small farmers affected by excessive rainfall, droughts, and storms, weather patterns that are increasingly exacerbated by climate change. WIBI-covered farmers used WIBI payouts to purchase new farm inputs, to install a deep well on their farm after several days of drought, or to improve construction of farms and homes. WIBI payouts benefited women by defraying school expenses, food, labor to help with land, and debt from previous seasons.

The GEF-UNIDO Cleantech Program (GCIP), designed to assist early-stage startups with financing and capacity-building support, has generated environmental and socioeconomic co-benefits. This program, implemented in eight countries, aims to reduce/mitigate several barriers to a functioning cleantech entrepreneurial ecosystem: the lack of an enabling regulatory environment, limited access to finance, lack of public awareness regarding market potential of low-carbon innovation technologies, and startups' lack of strategic business planning and marketing skills.

The GCIP mechanism was designed to identify and nurture the most promising cleantech innovators in a country through a competition-based Accelerator which functioned as an "innovation funnel." An average of 32 startups per cycle per country benefited from the business acceleration activities and inputs by the end of 2017. Most of the startups were active in the field of energy efficiency (26 percent), followed by renewable energy (23 percent), waste to energy (20 percent), water efficiency (20 percent), and through more recently introduced categories of green building (10 percent), transportation (1 percent), and advanced material (1 percent).

The main findings from the evaluation of the GCIP confirm the relevance, environmental and socioeconomic, and capacity strengthening benefits from the program. Entrepreneurs were able to access much-needed financing and capacity-building support. However, the necessary policy and regulatory environment for cleantech innovation was not put into place. Socioeconomic benefits such as job creation were not systematically tracked within the program.

- **Relevance.** The GCIP supports country strategies to accelerate transformation to a low-carbon economy and is valued by governments and other stakeholders for its support to national startup/SME agendas. The delivery of assistance to early-stage startups filled a gap not covered by existing mechanisms.
- **Environmental outcomes.** All GCIP-assisted startups are developing innovations with climate benefits and other environmental and social co-benefits. The supported startups provide access to environmentally friendly, affordable sanitary pads; reduction of agricultural waste; access to cleaner water; reduced health risks, etc.
- **Benefits for SMEs.** The GCIP helped startups to develop skills in business modeling, market segmentation, customer validation, and financial projections. Startups highly valued the use of mentors, peer-to-peer networking, and exposure to local investors. Respondents most frequently ranked business development training as the most beneficial component of the GCIP. At least 12 startups in Armenia, India, South Africa, and Turkey had success in gaining access to venture capital. These investments, ranging

from $5,000 to $1.9 million, helped address a major hurdle in the commercialization of technology.

- **Supporting national entrepreneurship ecosystems.** The GCIP succeeded in building capacities of relevant institutions through on-the-job training. GCIP projects had positive effects in enabling the local host institution to strengthen its reputation and convener role within the national entrepreneurship system. These effects were particularly noticeable in South Africa, Thailand, and Turkey.
- **National coordination through cross-departmental and cross-institutional partnerships was not explored to its full potential.** The GCIP was expected to dynamize the national entrepreneurship ecosystem by exerting a national-level coordinating force. However, in general, the envisaged national coordination function was not uniformly clear and understood and was insufficiently leveraged.
- **Strengthening of policy and regulatory frameworks, GCIP projects did not realize their intended outcome: strengthening the policy/regulatory environment to foster the growth of cleantech innovation.** This is a risk factor for sustaining the projects' results. Activities to strengthen policy were limited.
- **Gender mainstreaming and social inclusiveness: Twenty-five percent of teams supported by the GCIP were led by women.** In addition to targets, the GCIP approach included the creation of special category awards; selection criteria to provide preferential entry for women and specific efforts to attract female mentors, judges, and trainers. Pakistan's achievements in the highest number of female entrants and semifinalists can be attributed to a gender-based priority and significant resources for communications and advocacy.

Private sector engagement in the integrated programs has made some progress. Under the Good Growth Partnership program, the Good Growth Partnership (GGP) Demand Project (GEF ID 9182) has been substantially focused on engagement with local and international private sector actors to support sustainable soy in the Cerrado region of Brazil. The project has made excellent progress in corporate engagement with buyers and traders. The agreement signed by 64 global buyers as Signatories of Support for the Cerrado Manifesto in February 2019 is a major milestone for protection of the Cerrado biome, which the project has contributed to, according to interviewees and project reporting. With contributions from the World Wildlife Fund's involvement in the Cerrado Working Group (Grupo de Trabalho do Cerrado, GTC), a further agreement has been reached between the GTC and the Cerrado Manifesto signatories that would serve to eliminate the conversion of native Cerrado vegetation for soy production. Pressure on traders, in the form of nonpublic letters signed by 160 buyers and 43 investors (responsible for $7 trillion), made clear the risk of divestment if traders do not take action in relation to the deforestation associated with products they market. The Soy Toolkit, another project output, contributed toward prompting some large companies to revise their sourcing policies.[10]

NGI PORTFOLIO

Based on the performance data available for half of the NGI portfolio, NGI ratings are similar to the overall GEF portfolio on outcomes, sustainability, and monitoring and evaluation (M&E) design ratings. Sustainability ratings are the same, while project implementation and M&E implementation ratings are slightly lower.

Although a total of 101 NGI projects were identified across all GEF replenishments (including the pilot), project performance data are only available for approximately 52 percent of the projects from the pilot through GEF-5. Overall, 83 percent of the NGI projects had satisfactory outcome ratings across the different GEF

replenishments and 67 percent of NGI projects had a positive sustainability rating, which suggests that their benefits were likely be continued after the project was completed. Seventy-seven percent of the NGI projects had a satisfactory implementation rating. This percentage is slightly lower than the GEF average of 80 percent across the different replenishment periods. The design of M&E plans was rated as satisfactory for 69 percent of the NGI projects across all GEF replenishment periods and 61 percent of the NGI projects had a satisfactory rating for the implementation of their M&E plans.

The GEF NGI is addressing a market gap with relevant innovative nature-based solution projects, but the path to achieving scale and sustainability will need to be demonstrated with a focus on monitoring and learning. The GEF's NGI program is regarded by a wide range of GEF stakeholders (e.g., the private sector, civil society, and multilateral development institutions) as a critical source of sustainable development financing, particularly in the biodiversity and nature-based solutions market space.

Climate-Smart Agriculture Fund for Latin America and the Caribbean

The overall goal of the GEF/IDB (Inter-American Development Bank) Invest Climate-Smart Agriculture Fund for Latin America and the Caribbean (GEF CSAF) is to catalyze greater private sector investments in sustainable agriculture, forestry, and rangeland systems to maintain and improve the flow of agro-ecosystem services from productive landscapes. The GEF provided IDB Invest with $5 million, which served as initial capital for the GEF CSAF. According to the IDB midterm evaluation report, "there is no other similar investment fund focusing on this niche in Latin America and the Caribbean and the commercial banking system has not yet moved into this direction" (IDB 2020). Of the $50 million cofinancing project target, $10 million can be validated. According to the midterm review (IDB 2020), the GEF CSAF is not expected to achieve the expected outcome targets for carbon sequestration and hectares under climate-resilient technologies, but climate resiliency and sustainable agricultural land use are expected to improve. The design overestimated the impact on GHG emissions, the high level of uncertainty leading into decisions based on limited or no information at all.

The innovative nature of this program, with a higher appetite for risk, requires adaptive management and a very flexible approach to achieve the expected results. The project failed at systematically reviewing and updating the expected outcomes, design assumptions, risk assessments, core indicators, and the implementation strategy.

The probability of reflow of funds to the GEF Trust Fund is likely to be low, given the high market risk of trying to mainstream climate-smart agricultural practices that are critically important for sustainability but remain outside of the mainstream commercial business and banking practices in Latin America.

In a second example, the design and development of the highly regarded Wildlife Conservation ("Rhino") Bond would not have been possible without the critical role the GEF NGI is playing as the bond's outcome funder.

The Wildlife Conservation Bond

This NGI project is a biodiversity-linked impact development bond ("Rhino Bond"), whose financial payout is linked to the third-party validated growth of a targeted rhinoceros population in a South African national park. The five-year, $45 million (of which the GEF invested $13.8 million) biodiversity-linked development impact bond will be launched most likely in September 2021.

The key objective of the wildlife bond is to increase populations of black rhinos by 4 percent per year. Rates of return for investors will be determined by the rate of growth of the populations of rhinos in two South African reserves. At the end of the bond period, investors will receive their original capital and an additional payout depending on how much the rhino population has grown over five years. The bond's potential payout will be paid by the GEF as its income founder; its principal will be repaid by the World Bank Group as the issuer of the bond.

The Wildlife Conservation Bond is a low-risk, high-reward project; since the bond is issued by the World Bank Group with a AAA rating, the risk is reduced. At maturity, when the coupon is paid, the capital at risk for the bondholder would be limited to the coupon payment, which depends on the population growth of the rhino bond. The payer of the coupon will be the GEF, based on rhino population growth. Because there is a lack of knowledge of the operational models in sectors other than climate mitigation, innovative finance experiments like the Wildlife Conservation Bond project may be critical to accelerating the global marketplace for nature-based solutions. The project will have to be monitored well to assess the potential for scale-up and replication of the instrument to other countries and other species.

The replicability and scalability of the transaction is based on the creation of a new type of security that links the coupon payment of a bond to a species population growth. The structuring of the bond is possibly replicable by another issuer with a good credit rating (investment grade) and another outcome payer (donor) willing to provide performance-based financing. The innovation is the creation of a security issued in capital markets that can capture financing from institutional investors to invest in conservation; it also creates a product that links the coupon payment to the species survival/growth. The conservation model used to estimate the species population growth could potentially be applied to other species in other parks. However, these will need to be supported with grant financing for project preparation and design conservation activities.

The NGI as an instrument can be used to catalyze blended finance to generate nature-based projects which provide conservation benefits and financial returns, but will require a sustainable pipeline of "investable" biodiversity/nature-based solution projects. A clear and robust market development framework would guide a more "proactive" NGI portfolio design and development process (Conservation Finance Network 2017).

Nature+ Accelerator Fund

The Nature+ Accelerator Fund is seeking to leverage the initial $8 million concessional finance investment from the GEF and turn it into a $200 million in transformational, scalable, and financially viable project portfolio with significant positive outcomes for nature and society by 2030. It seeks to develop 70 successful deals attracting co-investment of up to $160 million generating biodiversity, ecosystem conservation, and socioeconomic impacts and contributing to United Nations Convention to Combat Desertification land degradation neutrality objectives.

Implications: The Nature+ Accelerator Fund as a business concept may be environmentally sound and financially feasible. The International Union for Conservation of Nature (IUCN) is still in the fundraising stage (as of June 2021) to reach its initial target of $50 million. IUCN, along with its partner, Mirova Nature Capital, has an ambitious goal of having a $200 million fund on or by 2030. Based on interviews, there is uncertainty as to when IUCN will be able to complete its initial fundraising goal of $50 million so that it can start making

its investments. There is also the current challenge of developing a sustainable pipeline of "investable" biodiversity/nature-based solutions projects that meet the dual objectives of a market return and sustainability impact, which will need to be addressed.[11]

8.5 Constraints to the GEF's engagement with the private sector

To achieve its objective of effectively engaging the private sector and be a partner of choice in driving environmental solutions, the GEF will need to reflect on the experience and learn from the past. A 2017 study on the GEF's private sector engagement identified significant room for improvement in the way the GEF engages with the private sector (GEF IEO 2017a). Participants did in fact appreciate the value that the GEF can bring with its wide variety of instruments, high risk appetite, strong market reputation, and access to networks. But they were stronger in their opinion about the weak points of the GEF when working with the private sector. The cumbersome approval process, the limited availability of information, ambiguous project requirements, and most important, a lack of understanding of how the private sector operates; these are all barriers that the private sector experiences when working with the GEF.

Four years later, important stakeholder opinions do not seem to have changed; participants in a new round of surveys and interviews express stronger opinions about the weaknesses of the GEF private sector engagement than about the organization's strengths.[12]

The strengths of the GEF are still its unique mandate, technical expertise, grants, strong network, and credibility built on its track record and reputation as a convenor. Yet at the same time, respondents still share the same critique of the GEF organization and processes as four years ago. The most important comments come back to the point that many stakeholders consider the GEF's procedures geared to public sector engagement and not enough to private sector dynamics. Tedious processes, including those for the NGI, limited private sector understanding on the part of the GEF, limited confidence in the GEF use of equity and debt instruments, limited awareness about the GEF and its offerings, and variable national focal point capacity are the GEF's main limitations. The IEO Evaluation of the Country Support Program also pointed to the low levels of focal point and private sector participation in the GEF constituency workshops that present information on GEF policies and opportunities and provide an opportunity for greater engagement between public and private participants (GEF IEO 2021b).

The areas where the GEF has most impact include helping governments build adequate regulatory frameworks to regulate the laggards, initiating multistakeholder alliances to harmonize industry standards, and establishing public-private collaborations to engage with the willing leaders to take the initiative (figure 8.6). The GEF's impacts are most likely realized when the GEF matches its own unique offering with the needs of the market and the potential of mobilized private capital as in the GEF's Pacific Islands Oceanic

Figure 8.6 GEF engagement with the private sector, areas of most impact

Fisheries Management Project (GEF 2019d). Together with the United Nations Development Programme, the GEF supported 15 Pacific small island states in their efforts to save global tuna stocks and small islanders' livelihoods by increasing the local authorities' ability to coordinate with the international fisheries and negotiate sustainable concessions that benefit nature and local communities. An important learning from this project is that the GEF needs to find the most adequate entry point to raise the bar across a private sector industry; in this case the entry point was the public sector. In other cases, it could be an industry association, a nongovernmental organization, or an individual company serving as the most adequate entry point based on market needs and private sector investor potential.

8.6 Assessment of the Private Sector Engagement Strategy

The GEF's Private Sector Engagement Strategy, approved in December 2020, presents a shift in its approach to private sector engagement. It reflects the GEF's response to constraints in engagement and specifically addresses smallholders, artisans, and "primary producers" in the GEF's private sector initiatives through multistakeholder platforms and capacity building. In addition, with the shift toward integrated approaches, the GEF is working with the private sector on scaling up the generation of global environmental benefits, using value chains as an organizing framework for delivering interventions, including to MSMEs as well as big corporations. The strategy also recognizes the important role of blended finance in reducing the perceived risk of investments in environmental projects by drawing in private capital that would otherwise not be available to the project.

The separation between working with the private sector as an agent for market transformation and expanding the use of NGIs might not be optimal. Depending on the private sector actors, their financial and nonfinancial challenges are diverse. Some require enforcement of compliance; some require ambitious standards to raise the bar. All private sector players, large and MSMEs, require support for the lowering of perceived risks. The solutions offered by blended finance require careful customization to the specific contexts, with a mix of financial and nonfinancial support. For that reason, it could be questioned whether the GEF's decision to strictly separate NGIs (Pillar I) and private sector mobilization work (Pillar II) is appropriate. IEO evaluation findings suggest that financial and nonfinancial support do have operational linkages because they best serve the needs of the private sector when offered together. Even though blended finance and technical assistance are very different by nature, together they reinforce the strong points of the GEF's market proposition: high risk appetite funding and deep technical knowledge.

Table 8.3 shows a concise assessment of the GEF's Private Sector Engagement Strategy based on the elements of successful private sector engagement.

The Private Sector Engagement Strategy is a flexible and realistic strategy for private sector engagement. It lists the most relevant instruments of support that the private sector requires, and its three core elements present a broad operational framework. This framework offers a wide variety of interventions for the GEF to explore, which makes the strategy flexible. The strategy is also realistic. It mentions the value add that the GEF brings to the private sector, but it is also candid about the weaknesses of the GEF's private sector engagement track record to date and points out the issues that need to be addressed for the strategy to achieve its goals.

The strategy does not offer a solution to what private sector actors point out as the most important hurdle to working with the GEF: its cumbersome procedures

Table 8.3 Assessment of key success factors of GEF Private Sector Engagement Strategy

Factor	IEO assessment
Focused Targeted toward specific groups	The PSES deliberately opts for an open and inclusive approach instead of a selective one when it comes to its target groups. The strategy proposes to engage with as many private sector partners, including MSMEs, as possible, based on the belief that this inclusiveness is crucial in achieving scalable replication and proliferation of environmental benefits beyond funded projects. The comprehensive scope offers the GEF opportunity to engage with the private sector in virtually any way possible. This flexibility can be helpful; however, it also raises the question of how the GEF can do this effectively. The list of potential private sector partners is so long and diverse that it presents a risk of fragmentation. There is a need to balance the inclusiveness with a focus on keeping the strategy targeted.
Prioritized Selection of interventions for each group that bring maximum value	The PSES has an operational framework that consists of three core elements; (1) working strategically with multistakeholder platforms to achieve scale and impact; (2) supporting multiple private sector entry points throughout the GEF partnership; and (3) a systematic approach to crowding-in the private sector. These core elements place the PSES activities in a schematic structure. Each core element has intervention actions that the GEF takes; the PSES implementation plan lists the actions to be taken under each core element. While the core elements and their implementation plan present a good structure; they do not show a top-down hierarchy of GEF priorities. The PSES has identified coordination as a historically weak point of the GEF's private sector engagement, but it does not present a clear plan to mitigate that risk. Out of the many interventions on the menu, the PSES does not offer clear prioritization, and the implementation plan also does not show a division of tasks and responsibilities for the strategy's roll-out. The PSES and implementation plan would benefit from a strategic roadmap outlining activities, timelines, responsibilities, resources, and deliverables.
Flexible Open to adjust to partner needs and market characteristics	The PSES highlights that the different types of private sector actors, and the range of issues covered in the GEF programming, require a range of interventions to address the challenges and opportunities. To develop the right intervention for the right partner, the PSES defines multiple engagement modalities ranging from knowledge sharing, technical assistance, financing, and capacity development to policy development and industry leadership. The diversity of these modalities and possibilities and the flexibility that can be matched with the specific needs of a private sector partner brings strong value to the GEF. This is clearly a strong point of the strategy and the GEF in general.
Pragmatic Based on simple and accessible procedures	The PSES acknowledges that the GEF's procedures are cumbersome. To help private sector partners better understand GEF requirements, the strategy aims to develop an easy-to-use guide explaining the eligibility criteria and contact referrals for working with the GEF (including a flowchart and Q&A on the GEF website). Such communication will be appreciated by private sector partners, because they want to have a better understanding of what they can expect from working with the GEF. Even though transparency is an important step forward, it does not yet address the most important issue around the GEF's procedures which does not match with private sector expectations. The private sector partners find the GEF's procedures too slow and its information requirements disproportionate to funding volumes. These are operational and cultural challenges that will not be fixed by more transparency. If the GEF wishes to increase its private sector engagement activities, it will have to find a way to adjust to private sector dynamics.
Recognizable Known as the "go-to partner" on the focus goals and groups	Just as the PSES deliberately keeps its target groups as inclusive as possible, it aims to involve the private sector at all levels, at all scales, and by means of all types of modalities. This offers flexibility but will not help the GEF to build a name for itself in an expertise or around a specific topic. Conversations with stakeholders have often confirmed that the GEF has something unique to offer, but the private sector is not aware of it. The GEF is not visible enough, and a broad strategy does not help. The GEF should use its unique character and offering to build a recognizable brand ID and claim a territory where it is the go-to partner for the private sector, simply because it is better than others.

Note: PSES = Private Sector Engagement Strategy.

and disproportionate information requirements. While addressing these procedures and informational requirements may be out of scope for a strategy document, the success of the GEF's private sector engagement largely depends on the organization's ability to resolve these two issues.

The strategy could benefit from more focus and prioritization. A multilateral organization like the GEF must accommodate many different opinions and interests. But the strategy now harbors so many objectives, modalities, and private sector entry points that it risks becoming blunt if there is no clear prioritization among them and no strict game plan for execution. Selectivity would help focus the strategy for most efficient replication and maximum proliferation.

8.7 Summary

Prioritizing MSMEs, customizing interventions, partnering with local authorities on regulatory reform, streamlining processes, and building the GEF brand are important measures to enhance private sector engagement.

There is potential for the GEF and its Private Sector Engagement Strategy to be of value to the private sector, and, in turn, for the private sector to be a partner to the GEF. Stakeholders, public and private, acknowledge the strengths of the GEF in its unique and broad environmental mandate; the flexibility to work across many environmental sectors, which allows for solutions for complex, multifocal environmental issues; the depth of its technical knowledge; and its established relationships with governments through country focal points, which makes the GEF well positioned to build coalitions and partnerships.

However, the strategy's success will heavily rely on the GEF's ability to make a few crucial adjustments to its private sector operations and take into consideration private sector actors' fast-paced, focused, results-oriented culture and their diverse and context-specific needs. At present, the GEF's operational culture, procedures, and decision-making process discourage potential private sector partners from applying for support. If the GEF is serious about private sector engagement, considerable efforts will be needed to educate the private sector about the GEF, work closely with all private entities that play an integral role in value chains, and use a differentiated approach to engage with the heterogeneity across private sector players. Policy and regulatory reform, along with institutional strengthening, will continue to underpin successful engagement with the private sector to address market failures and provide a level playing field for all private enterprises.

Given the mismatch between the demand for investment projects with relevant sustainable development impacts and the supply of finance seeking sustainability and market returns, financial instruments such as NGIs are likely to be needed to address market gaps. The GEF NGI program would benefit from a private capital market investment framework that calibrates a better balance between the emerging business opportunities in the climate change and biodiversity/nature-based solutions market space and the investment risks that result from the NGI "first-loss" de-risking market position. There is a strong case to be made for GEF to undertake a systematic investment risk assessment of its NGI project portfolio at least on an annual basis. In addition, developing a clearer strategic long-term vision for an NGI operational model; investing in NGI project readiness and a pipeline; formulating a more effective strategy of communication, outreach, and engagement for NGI project development; and an improved selection process based on industry good practices would strengthen this investment vehicle. Systematic monitoring of results and impacts will be critical to build investor confidence in the GEF's ability to implement NGI projects.

NOTES

1. The Global Commission on Adaptation estimates adaptation costs of $180 billion annually from 2020 to 2030 (GCA 2019).
2. Private sector projects in the GEF Portal are not clearly identifiable; therefore it was not possible to review the entire database of over 5,000 projects for private sector participation. Hence this analysis is based on the database of all terminal evaluations, which were reviewed in detail for private sector engagement.
3. Since most GEF-5 projects have not yet closed, the final data on private sector participation are not available.
4. No integrated approach pilot or impact program child projects have used nongrant instruments to date.
5. This count excludes two canceled NGI projects, one from GEF-3 and one from GEF-5.
6. Only one project in GEF-6 is closed (with no terminal evaluation available) and two projects from GEF-5 are closed (one was rated successful and the other had no terminal evaluation available).
7. This figure only includes the GEF grant. Both figures on GEF grant and cofinancing are as presented at CEO endorsement.
8. In computing cofinancing ratios, the GEF grant, Agency fees, and project preparation grant amount and fees were considered.
9. This represents 100 NGI projects for which data were available.
10. The GTC includes large soybean trading companies (representing 80 percent of the Brazilian soy market), producers' organizations, Brazilian consumer goods companies, civil society organizations, financial institutions, and government representatives.
11. See GEF webpage, "Non-Grant Instruments" (https://www.thegef.org/topics/non-grant-instruments).
12. For this study, a survey among 140 respondents, 22 bilateral interviews, and focus group discussions with 44 stakeholders provided insight in their perception of the GEF's approach to the private sector and their suggestions for improvement.

CHAPTER 9

INSTITUTIONAL POLICIES AND SYSTEMS

Policies, procedures, and systems play a critical role in helping a partnership achieve its objectives. They provide guidance and clarity on how members across a partnership should operate and promote accountability and efficiency. They can help build a strong culture, identify anomalies, and reduce risks. Policies need to be periodically updated to ensure that they remain fit for purpose, as the landscape within which the partnership operates continues to evolve.

The impacts and lessons of the GEF, presented in the previous chapters, are made possible by a strong foundation of policies and systems that has been put in place over the past 30 years. The GEF policies and procedures, and systems for capturing results and knowledge, have contributed to strengthening this foundation. They are updated periodically to remain relevant and ensure consistency across the Agencies and with good practice standards. This chapter includes a discussion on the GEF policies on stakeholder engagement (including indigenous peoples and civil society), safeguards, and gender, as well as systems for results and knowledge. The chapter draws on several sources—surveys, a portfolio review, design-thinking workshops, and interviews.[1]

9.1 GEF policies

EVOLUTION OF POLICIES

The GEF's commitment to engaging with stakeholders is reflected in a series of policies, guidance, and strategies that have evolved over time to ensure that GEF Agencies

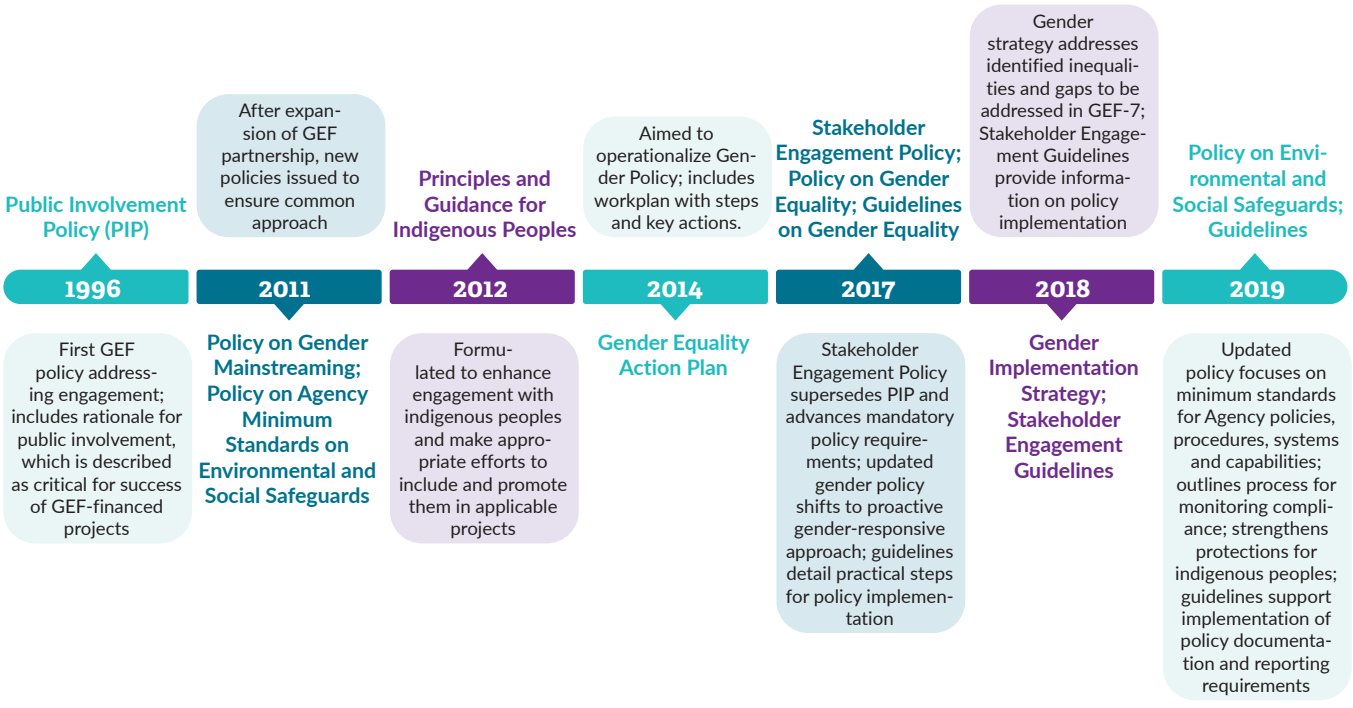
are applying a uniform approach inclusive of a diverse set of stakeholders across the GEF partnership. This section presents the findings from the IEO evaluation of three policies: stakeholder engagement, gender equality, and environmental and social safeguards (GEF IEO 2021c). It discusses the coherence across the policies in terms of strategic alignment and consistency, and the relevance and effectiveness of each policy separately.

- **The Stakeholder Engagement Policy was adopted in 2017 and is an update to the 1996 Public Involvement Policy.** It sets out the mandatory requirements for stakeholder engagement in three areas: project and program cycles; activities led by the Secretariat; and Agency policies, procedures, and capabilities (GEF 1996, 2017b).
- **The Policy on Gender Equality, also adopted in 2017, supersedes the 2011 Policy on Gender Mainstreaming.** The 2017 policy includes principles and requires all projects to include a gender analysis, monitor and report regularly on gender, develop Agency policies and procedures on gender, and build internal capacity to address gender issues (GEF 2017c).[2]
- **The 2018 Policy on Environmental and Social Safeguards updated the previous 2011 policy.** The new policy expanded the coverage of existing minimum standards, adopted new standards, and updated the provisions specific to GEF-financed activities (GEF 2018b).

Figure 9.1 presents the evolution and timeline of the three policies.

The common thread between these policies is that they address the "people" component of the human-environment nexus. The underlying issues addressed by these policies, such as empowerment of women, inclusion and stakeholder engagement, and

Figure 9.1 Timeline of policies and milestones



safeguarding against negative environmental and social outcomes, have received increasing attention over the past decade within the GEF partnership. The policies set forth (1) minimum standards for the GEF Agencies, requiring that they demonstrate the necessary policies, procedures, systems, and capacity to meet these standards and (2) the minimum requirements for all GEF-financed activities.

STRATEGIC ALIGNMENT AND COHERENCE AND SUPPORT FOR IMPLEMENTATION

The three policies are generally well reflected in the GEF's vision, strategic priorities, and operational principles. All three policies emphasize mobilizing local and global stakeholders, broadening partnerships and alliances, and incorporating gender mainstreaming and women's empowerment. However, only the Policy on Gender Equality is referenced in the GEF-7 Programming Directions. Gender mainstreaming emphasizes the use of gender analysis as part of socioeconomic assessments, as well as gender-sensitive indicators and sex-disaggregated data to show results and progress related to gender equality in GEF projects. For its part, the safeguards policy, with its orientation toward risk avoidance and mitigation, contributes to the GEF's strategic priorities, addressing drivers of environmental degradation and enhancing resilience and adaptation.

The three policies are mostly consistent in their structure, with requirements front loaded to the GEF Chief Executive Officer (CEO) endorsement phase. The policy documents are mutually reinforcing to a considerable extent, though there are gaps and missed opportunities to show them as a coherent policy package. They each outline mandatory requirements, including for monitoring and reporting. With regard to reporting, requirements cover the full project cycle but are front loaded to CEO endorsement. As a result, at the portfolio level, documentation tends to be compliance/risk focused and anticipatory of results. The Policy on Gender Equality is the exception among the three policies. The Gender Implementation Strategy includes a results framework with indicators that permit portfolio reporting on gender results, such as progress on gender-responsive measures, sex-disaggregated and gender-sensitive indicators, percentage of beneficiaries, and lessons learned. For the other two policies on safeguards and stakeholder engagement, understanding is anecdotal on how the policies contribute to impact across the focal areas. While efforts to improve portfolio-level tracking have improved, the lack of more results-focused reporting for these two policies limits the ability to draw conclusions between policy implementation and outcomes.

STAKEHOLDER ENGAGEMENT POLICY, CIVIL SOCIETY ENGAGEMENT, AND INDIGENOUS PEOPLES

The way the GEF defines stakeholder engagement and sets out policy requirements is mostly consistent with the practices of comparator organizations. The GEF's policy is less explicit than that of the comparator organizations[3] in two-way communication with stakeholders, information disclosure, grievance redress, and the inclusion of disadvantaged and marginalized groups in programs and projects. These latter three areas are addressed more fully in the Policy on Environmental and Social Safeguards, revealing a coherence gap between the three policies in these areas.

The updated Stakeholder Engagement Policy is well designed, clear in meaning and intent, with requirements that are realistic and appropriate. The degree of "buy-in" and utilization of the policy varies across the Agencies and is conditioned by several factors: Agency type (United Nations entity, international financial institution, nongovernmental organization), its scale of

operation, length of time as a GEF Agency, and the relative size of the GEF's share in the Agency's portfolio of programs/projects. The motivation for making compliance adjustments to their own policies vis-à-vis the GEF policy is generally higher in Agencies with larger GEF portfolios relative to the Agency's total portfolio. Across the Agencies, Stakeholder Engagement Policy content is incorporated in various ways with varying degrees of integration of gender and safeguards content, and principles of "risk" and "rights."

The introduction of the updated policy had an internal nudging effect on Agency stakeholder engagement policies. It has provided impetus for Agencies to review and revise their own policies and to deepen the thinking across staff on the practice itself. Having a stronger policy has also helped the newer GEF Agencies to leverage decision makers in implementing bodies and with governments to go beyond conventional practices and/or national standards.

GEF reporting guidelines for Agencies are clear, generally compatible with Agency practices, and not onerous. However, the paucity of indicators to track and report on stakeholder engagement across the portfolio limits the analysis of stakeholder practices and results. There is a lack of clarity on whether the reporting provided by Agencies is adequate, and how the information submitted to the Secretariat is used. Some have expressed concern that the guidelines do not build toward the aggregation of project documentation on stakeholder engagement at a portfolio scale of analysis and indicate that more structure would increase the strategic relevance and utility of data collection.

Implementation of the Stakeholder Engagement Policy

The updated Stakeholder Engagement Policy sets out mandatory requirements for stakeholder engagement activities engagement through the GEF project and program cycles including activities required of the Secretariat for stakeholder engagement in the development of policies, guidelines, and strategy.[4] The view from inside the GEF Secretariat is that stakeholder engagement in the development of policies, strategies, and guidance has varied on a case-by-case basis and that, to date, there is no standard engagement practice in place for the GEF. The means by which the policy updates for stakeholder engagement and gender equality were formulated during GEF-6 are described by the GEF Secretariat as the most prominent examples of the application of a multistakeholder approach.

A portfolio review of GEF projects assessed compliance with the policy requirements and assessed changes over time.

In general, compliance with the requirements of the Stakeholder Engagement Policy is increasing. A comparison of projects approved before and after the updated policy came into effect found that:

- The policy requirements are mostly being met in project reporting.
- The type of stakeholders named at the identification and design stages of the project cycle has broadened from national governments, international organizations, and the private sector to include nongovernmental organizations and civil society organizations (CSOs).
- Reporting on stakeholder engagement has improved in the identification and design stages.
- Stakeholder engagement plans have been included in projects at CEO endorsement.

These positive trends are observed in more than 70 percent of all projects. A few limitations to implementation of the stakeholder policy remain. Information on how the project stakeholder implementation plans are to be

shared is missing or vaguely stated. Stakeholder engagement in program or project governance and monitoring and evaluation is noted in less than a fifth of projects showing evidence of participatory monitoring.

For example, in Costa Rica, the Strengthening Capacities of Rural Aqueduct Associations (ADADAS) project (GEF ID 6945), implemented by the United Nations Development Programme (UNDP) and a local non-governmental organization, successfully brought rural community stakeholders (including marginalized groups) into governance committees to manage, operate, and develop systems of aqueducts and sewers. The stakeholder involvement in local-level project governance increased their role in decision making. Stakeholders were also involved in the oversight of project activities.

GEF Agencies have noted constraints in implementation related to resource availability and internal experience. Policy-related support provided through training/orientation is described as adequate though not developed enough to provide deeper, role-specific understanding of policy implementation. There is a lack of internal experience/capacity to integrate "meaningful" stakeholder engagement into design and implementation, and knowledge and expertise is not evenly distributed within and between Agencies. Time and resource constraints limit the ability to undertake stakeholder engagement, leading to tension between Agencies and the GEF concerning expectations. In addition, the social and political context in some countries may influence a country's disposition toward stakeholder engagement, which goes beyond the limits of the GEF's sphere of influence.

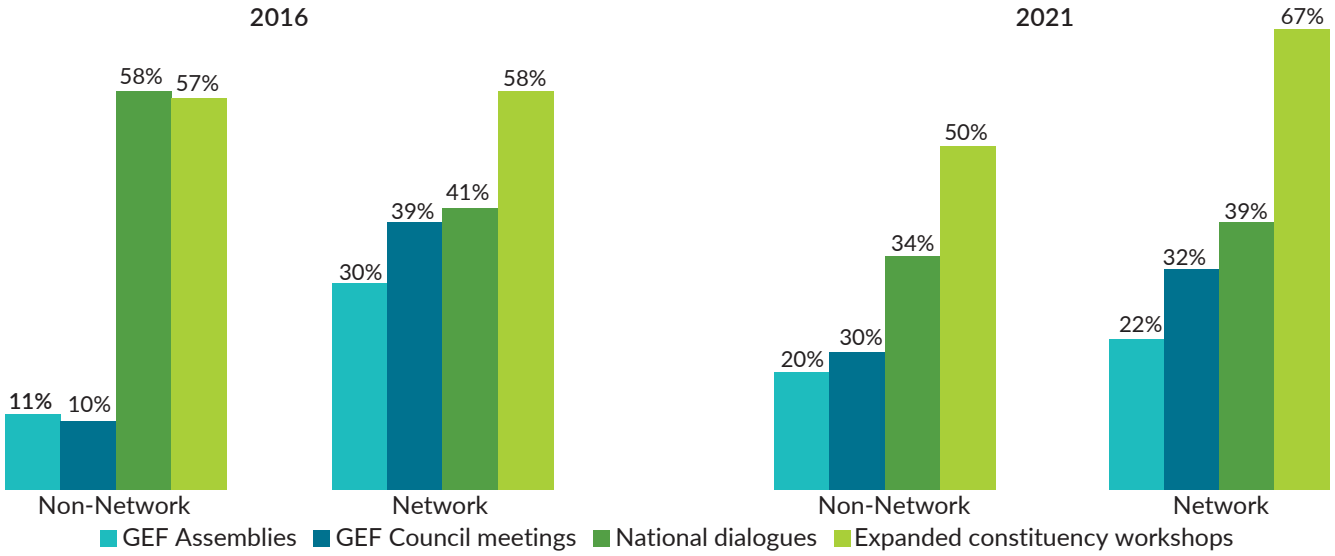
A significant proportion of operational focal points expresses uncertainty as to what is expected of them in supporting the Stakeholder Engagement Policy. Operational focal points (OFPs) are less directly involved than Agencies as implementers of the policy. Unlike GEF-accredited Agencies, they are not held to any mandatory commitment relative to implementation. Less than a quarter of those surveyed said they were familiar with and use the policy regularly. OFPs and their offices are most constrained in their policy support role by the lack of availability of budgetary resources, knowledge of good practices, and access to experts for support.

Familiarity with the updated policy is also mixed across the vast array of GEF-affiliated CSOs. The majority of those surveyed indicate "some" familiarity, and CSO Network members are more inclined than their non-network peers to know the policy. The policy updates are supported by the network; observed gaps, as noted to the Council, relate to the attention paid to a grievance mechanism, and the specificity of reporting under the requirements.

Stakeholder engagement and civil society

Patterns of civil society participation in GEF governance have not changed significantly over the past 10 years. CSO Network members show a greater likelihood of participation in GEF events than those not identifying with the network. Participation in GEF Council meetings has increased, likely due to the decision to sponsor non-network member attendance. For Expanded Constituency Workshop (ECW) and national dialogue activities, non-network civil society participation has declined over time whereas CSO Network participation has increased in ECWs and stayed roughly the same in national dialogues (figure 9.2). About a third of the CSO respondents surveyed rated the GEF as "good" in the way it engages with civil society in the formulation of policies, guidelines, and strategies, with no discernible pattern of change indicated over the past five years. The Secretariat's Partnership Team is engaging the larger field of CSOs that are mostly connected to the Small Grants Programme. Information on

Figure 9.2 Civil society participation in GEF events



Source: GEF IEO Survey.

Note: 2016: non-Network *n* = 166, Network *n* = 104; 2021: non-Network *n* = 90, Network *n* = 157.

opportunities for CSO involvement are on the website and learning events have been conducted. Online strategies through the Country Support Program are being used to engage CSOs during the pandemic.

Interactions between civil society and Agencies or governments are limited. Most CSOs surveyed indicated they are more likely to obtain information about opportunities to engage with the GEF from their peer organizations and networks or through GEF-mediated events (e.g., ECWs) than they are from Agencies or governments. For most, interactions with Agencies and governments (OFPs) are seldom (every six months or less), if at all. Patterns of interaction have not changed appreciably over the past 10 years. About half of surveyed CSO respondents have been consulted for GEF projects and engagement has mostly occurred in the opening stages of the project cycle, with the vast majoring of CSOs engaging through the GEF Small Grants Programme. Most CSOs rate the GEF's stakeholder engagement in programs and projects as fair or good, with no discernible pattern of change indicated over the past five years. On inclusion of women's groups, indigenous peoples, and civil society, most CSOs rate the GEF as partly or very inclusive, in equal measure.

The GEF CSO Network developed an updated vision to address governance issues, but internal tensions still exist. This vision was developed and approved in 2017 (GEF 2017d), and it shifted focus to include all GEF-involved CSOs (not just those in the network) and assigned lead coordination responsibilities to the Secretariat. The response to these changes has been mixed: there are now more diverse civil society perspectives in GEF governance, but the changes are thought to have undermined the role of the CSO Network. The working relationship between the CSO Network and the Secretariat is intact but strained, mostly over role delineation. The CSO Network's efforts to build itself up as a mechanism for strengthening civil society participation in the GEF through a skills-building strategy, a country contact concept to help connect regional focal points

with the country CSOs and other GEF partners, and member recruitment have been hampered by internal tensions and financial constraints. Efforts to strengthen governance mechanisms have stalled. Despite these concerns, CSO members see the network as a structure that enables effective and efficient sharing of information, with all major stakeholder groups fairly represented, and election processes that are fair and transparent. However, perceptions of these aspects are less favorable today than in 2016.

The GEF has made significant progress in engagement with indigenous peoples, but a few constraints remain. The Inclusive Conservation Initiative is roundly welcomed as a breakthrough funding initiative designed for local impact, GEF-wide learning, and scale-out/up. The updated Policy on Environmental and Social Safeguards is considered contemporary and appropriate for the partnership and reflects good practice standards concerning indigenous peoples. The accompanying guidelines are described as "general" and in need of elaboration with case examples. Agencies are seen as important drivers or intermediaries in the bid to ensure that country governments recognize and engage indigenous peoples; observations on performance in this regard are mixed. The Indigenous Peoples Advisory Group (IPAG) is strategically focused, operationally stable, and strong, with a dedicated and connected membership. The IPAG has earned credibility among those who know it, though its value proposition is not widely known within or beyond the partnership. A tightly focused mandate, size and dispersion of the group, low profile, (partly) volunteer make-up, and resource availability all place constraints on what the IPAG can do.

The dialogue between indigenous peoples, local communities, and GEF government focal points remains limited and is a work in progress. Clearer guidelines, monitoring, and communication with GEF OFPs is needed. Finally, while Agency reporting on safeguards is now a requirement and tagging of indigenous peoples-related projects has improved, indigenous peoples' leaders suggest that it is too soon to see a systemic improvement. A renewed commitment to indicator development is still needed.

GENDER

Progress on gender issues continues within the GEF. The Policy on Gender Equality reflects overall alignment with international best practice and moves the GEF decidedly from a gender-aware, "do no harm" approach to a gender-responsive, "do good" approach. Gender policy guidance and action plans were released and approved as the policy came into effect in July 2018. A Gender Implementation Strategy (June 2018) situated the content of the policy in a broader understanding of gender gaps, particularly those pertinent to the GEF-7 program, and identified "entry points" within the program to promote gender equality and women's empowerment. To deliver on this policy, since 2018, the GEF has augmented its in-house staff capacity and has developed a guidance manual to support the integration of gender equality throughout the GEF project cycle. The GEF/UNDP/SGP/UNITAR/UN CC:Learn Open Online Course on Gender and Environment stands out as the GEF's unique online training to support the policies covered by this evaluation. Enrollment is high. Moderated by the Secretariat, the GEF Gender Partnership has emerged as a strong knowledge-sharing, knowledge exchange, and capacity development forum among GEF Agencies and gender focal points. Meetings are held on a regular basis to share gender-focused work. The replicability potential of the GEF Gender Partnership model across other policies is considerable, according to those familiar with it.

Minor gaps in alignment of the gender policy with international good practice were observed. These

relate to the definition of the gender focal point role, the assignment of budget resources at the corporate level to support the policy, and the tracking of financial data as a way to assess commitment to the policy.

There is evidence of increased attention to gender in the portfolio with the introduction of the updated policy, but constraints to implementation exist. Evidence of progress includes:

- More stakeholder consultations involving individuals or groups with a gender perspective (18 percent before policy update, 30 percent after)
- More frequent use of a gender analysis methodology (33 percent before policy update, 57 percent after) and formulation of a gender action plan (25 percent compliance before policy update, 55 percent after)[5]
- Higher utilization of the combination of gender-disaggregated and gender-specific indicators (61 percent before policy update, 78 percent after)
- Increased reporting on gender in project implementation reports (86 percent of projects before policy update, 90 percent after)
- Greater prevalence of resource allocations to support gender training and knowledge management
- More information on gender-responsive measures in terminal evaluations (71 percent before policy update, 90 percent after).

Several implementation constraints were observed related to the Policy on Gender Equality. These include uneven patterns of gender data collection across the Agencies, thereby hampering analysis; internal Agency-level challenges in terms of sensitizing and educating staff on gender equality concepts; and country-level issues militating against recognition of gender equality as factors bearing on the global environment.

ENVIRONMENTAL AND SOCIAL SAFEGUARDS

The updated Environmental and Social Safeguards (ESS) Policy has served as a catalyst for strengthening the safeguards frameworks of several GEF Agencies. The updated ESS Policy improved safeguards reporting and monitoring in line with the 2017 IEO recommendations, requiring Agencies to provide information at project midterm and project completion. However, unlike the Policy on Gender Equality and the Policy on Stakeholder Engagement, the ESS Policy does not require safeguards reporting in project implementation reports (PIRs). Nevertheless, it appears that some Agencies are including some safeguards information in PIRs. The policy also increased portfolio-level reporting on safeguard risks and grievance cases.

The updated ESS Policy incorporated a wide range of "new" thematic areas, but some gaps exist in terms of capacity building and knowledge sharing. New areas addressed include labor and working conditions; community health, safety, and security; climate change and disaster risks; disability inclusion; disadvantaged or vulnerable individuals or groups; and adverse gender-related impacts, including gender-based violence and sexual exploitation and abuse. Recently updated Agency safeguard frameworks highlight potential areas where the GEF ESS could eventually be further strengthened. These areas include fragility and conflict issues, more explicit alignment with human rights frameworks, and a range of specific issues areas (ecosystem approach, illegal trade, biosafety). Capacity development, expert convening and communications on safeguards in the GEF partnership, and knowledge-sharing role was not reflected in the updated ESS Policy, unlike the gender policy. However, some Agencies are still completing their action plans for ensuring compliance with the updated GEF ESS, which went into effect in July 2019, and interviewees indicated no desire for a change in the

ESS Policy anytime soon. As a result, while the highlighting of safeguard-related risks and impacts across the portfolio, as well as heightened attention to grievance cases, may help drive greater attention to safeguard issues during project implementation, it is too early to observe these results.

9.2 Institutional frameworks for results-based management and knowledge management

The GEF's systems for results and knowledge management have evolved over time to meet the needs for information for accountability and reporting as well as for learning. This section examines recent developments in these systems, with a focus on progress made over the GEF-7 replenishment period.

RESULTS-BASED MANAGEMENT IN THE GEF: WHAT GETS MEASURED GETS DONE

Consistent with other organizations, the purpose of results-based management (RBM) in the GEF is to "improve management effectiveness and accountability" by "defining realistic expected results, monitoring progress toward the achievement of expected results, integrating lessons learned into management decisions and reporting on performance" (CIDA 1999). RBM is a shared responsibility across the partnership: the GEF Agencies monitor performance of their projects and report on performance during and at the end of the project; the GEF Secretariat determines the indicators and reports on their progress at the portfolio level; and the IEO uses the data and reports from the Agencies and the Secretariat to validate performance and evaluate the performance of the GEF. The Agency self-evaluation systems and the indicators and data capture and tracking systems are integral to the RBM system. Two evaluations were conducted during the OPS7 period to assess these attributes of the RBM system. These include an assessment of the GEF Portal, which was designed as an interface to allow direct entry and review and approval of projects and programs proposed for funding by the GEF, and an assessment of the self-evaluation systems of GEF Agencies, through a participatory design-thinking approach.

The GEF RBM system improved during GEF-7, but gaps remain in the core indicators and the portal's functionality. The number of results indicators tracked at the corporate level were streamlined and this has reduced the burden on the GEF Agencies. The GEF Portal has enhanced project review and processing as well as transparency. Knowledge capture has also improved. However, several challenges remain: the indicators do not adequately address drivers of environmental degradation, system-level change, and policy impact; they also do not track the socioeconomic co-benefits of GEF activities. With respect to the portal, limitations remain in data accuracy and availability, and in its ability to serve an effective knowledge management tool.

CORE INDICATORS

The RBM framework was updated and replaced by the GEF-7 Results Architecture. This included an update to the set of results indicators, monitoring and reporting requirements, and technology for data collection and transmission (GEF 2019a). Most tracking tools have been dropped for projects approved from GEF-6 onward and the number of indicators has been reduced from 117 in GEF-6 to 42 in GEF-7. These measures have reduced the level of effort required from the Agencies, have facilitated focus on key indicators, and have made the reporting process more transparent.[6]

During GEF-7, the GEF tracked results for 11 core indicators, including 10 indicators related to environmental

results and one indicator on the number of beneficiaries, differentiated by gender. The core indicators are complemented by 33 subindicators, bringing the total number of corporate-level indicators to 43 during GEF-7. A project is not limited to the indicators that are linked to the focal area from which it may be funded. Delinking reporting on results from focal areas provides for easy accommodation of multifocal and integrated approaches, and full accounting of the benefits that the GEF pursues. Most indicators are measurable and well suited to communicate the GEF's contribution to the global environment.

The present set of core indicators and subindicators has several limitations.

- **Some indicators are more aspirational rather than allowing for realistic measurement of physical changes in nature.** For example, "area restored" is a core indicator for activities that address land degradation. Restoration, however, is unlikely to be achieved within the time frame for project implementation. The subindicator, more plausibly, is "area under restoration."
- **There is a risk that the same physical hectare may be counted within two different indicators if one or more GEF interventions on this hectare provide for more than one global benefit.** The GEF guidance clearly specifies that double counting should be avoided. However, without an ability to know which physical area has been covered by more than one indicator and/or by more than one project, there is always a danger of double counting when the coverage is aggregated within and across indicators.
- **Core indicators do not look at net effects.** This is because there is no possibility of capturing leakage and displacement effects.
- **The present definition for counting the "beneficiaries" of GEF activities leaves too much room for interpretation and needs to be made more precise.** The core indicators and subindicators leave out several environmental results that are important to the GEF such as results related to urban biodiversity or place-independent ecosystem services like pollination. They also do not address the drivers of environmental degradation or the transformative and systemic changes at which GEF programs aim.

The GEF has upgraded its information technology by replacing its Project Management Information System with a new GEF Portal. The GEF Portal tracks achievement on results indicators for only GEF-6 and GEF-7 indicators. For GEF-6, the portal has captured data on actual results for 18 projects (at midterm)—only a few GEF-6 projects and none of the GEF-7 projects have reached a stage where actual results may be reported. Reporting on actual target achievements for GEF-5 projects is possible, as more than a quarter of these have been completed, but this has not yet been conducted because a manual tabulation of results reported in the terminal evaluations and tracking tools would be required. Chapter 2 reports on progress to achievement against GEF-5 targets. The GEF Portal is discussed in greater detail in a subsequent section of this chapter.

AGENCY SELF-EVALUATION SYSTEMS

The Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD DAC) defines self-evaluation as "an evaluation by those who are entrusted with the design and delivery of a development intervention" (OECD DAC 2002). The term self-evaluation system includes arrangements such as responsibilities, methods, data, and products of self-evaluation that cover different stages of the project and program cycle. The GEF RBM system draws upon the Agency self-evaluation systems and their outputs—PIRs, midterm reviews, tracking tools, and

terminal evaluations—for analyzing and reporting on the results and performance of GEF-supported activities. The Agency self-evaluation systems are expected to facilitate learning and accountability across the GEF partnership. At the project level, these are reflective exercises that help implementers learn from the experience. At a higher level, self-evaluations facilitate monitoring of the portfolio, generate early warnings on trends that warrant attention, and provide lessons.

The policy frameworks and mechanisms in place within Agencies' self-evaluation systems support the provision of credible, quality, and timely information. Of the 18 GEF Agencies, 13 specify accountability and learning as the main purpose of self-evaluation. All Agencies provide guidance on evaluation criteria and processes for terminal evaluations and quality assurance. The majority incorporate at least some elements of the GEF requirements and IEO guidance for terminal evaluations. However, only a few Agencies have explicit guidance on midterm reviews.

The GEF Agencies have either mainstreamed self-evaluation-related GEF requirements or have instituted ad hoc arrangements to address GEF requirements. Several UN agencies have mainstreamed GEF requirements within their standard guidelines. Development finance institutions follow their own evaluation guidelines for terminal evaluations and add GEF requirements to sections of the terminal evaluation reports. The GEF Agencies broadly use the same criteria and rating scales as used by the GEF IEO, though there are minor differences that pose challenges in drawing comparisons.

The Agency self-evaluation systems generally provide credible information but there are gaps in submission of PIRs and midterm reviews, and reporting is sometimes less than candid. PIRs generally include overly optimistic performance ratings even when the narratives report the challenges faced by the project (GEF IEO 2021a, 2021h). In some cases, the narrative does not reflect the level of urgency required to address a challenge. The submission rate for implementation reports is lower for the low-performing projects (GEF IEO 2021a). Midterm reviews are generally more credible and useful, but these are not prepared for a majority of full-size projects (table 9.1). Terminal evaluations are generally regarded as more credible than project implementation reports. A review of the validation process for terminal evaluations notes that GEF Agencies have developed several good practices that could be shared and disseminated across all GEF Agencies, including quality assessment checklists to be used prior to submission of terminal evaluations, better data collection and reporting for GEF projects, and templates to ensure that GEF submissions are complete.

The GEF partnership and the Agencies do not incentivize candor in self-evaluation. This organizational logic trickles down to project design and management. The key measure of success in Agencies is project volume or deal flow. As a result, evaluation is mainly seen as a pro forma requirement. Project staff are mainly incentivized to move their projects along without issues and to receive a good project rating in the end. Due to the lack of systematized learning and exchange on "what works," there are no direct incentives for candor. Project difficulties and failures tend to be hidden rather than used as an opportunity for learning. This presents a barrier to risk-taking and learning.

Some Agencies are exploring approaches to incentivizing candor, including by changing the focus of performance ratings and giving more attention to broader lessons and evidence provided in the self-evaluations. Some Agencies are investing in training project management staff. The Inter-American Development Bank, for example, has created a Development Effectiveness Unit, which support projects from design to post-evaluation.

Table 9.1 Availability of project implementation reports and midterm reviews for completed projects

Project information available	Project rating					
	Unsatisfactory–highly unsatisfactory (*n* = 50)		Mostly satisfactory–mostly unsatisfactory (*n* = 50)		Highly satisfactory–satisfactory (*n* = 50)	
	% of projects	No. of projects	% of projects	No. of projects	% of projects	No. of projects
At least one PIR submitted	88		90		98	
PIR submitted for each year a project was under implementation[a]	62		68		80	
Projects with a midterm review	26		36		38	
Full-size projects with a midterm review	36	28	44	32	49	35
Medium-size projects with a midterm review	14	22	22	18	13	15

Source: GEF IEO 2021a, 2021h.

a. Gaps in the first year of implementation are not considered, as projects may not have completed PIRs for this year.

Platforms for sharing of project experiences and learning seem to incentivize candor in reporting and may help in harmonization. There is scope for leveraging and strengthening inter-Agency platforms toward this end.

Experienced, functionally independent evaluation units with strong capacities play an important role in promoting a self-evaluation culture. Agencies that have mainstreamed GEF policies and guidance in their internal policies, guidance, and procedures are able to prepare self-evaluation products that comply with GEF requirements. Some Agencies, such as the World Bank, World Wildlife Fund, the Asian Development Bank, and UNDP, have experimented with approaches that may facilitate learning. Their experiences may be useful for other Agencies and may be supported by the GEF Secretariat and the GEF IEO through inter-Agency workshops and other instruments for knowledge sharing.

GEF guidance on midterm reviews is inadequate even though it is a requirement for full-size projects. The GEF is still to explain what is expected from a midterm review and has not yet shared examples of good practices for these reviews. Increasing reliance on programmatic approaches, especially impact programs, to deliver GEF support makes the gap in guidance even more salient because these programs are likely to benefit greatly from the midterm reviews given their long duration, greater complexity, and high levels of GEF funding. The GEF Secretariat has, so far, also not tracked submission of midterm reviews for full-size projects and as a result there are substantial gaps in the conduct and submission of midterm review reports. With the shift to the GEF Portal, it is easy to assess submission gaps; the next step is to follow up with the respective Agencies.

Self-evaluation products are currently not leveraged enough for cross-Agency learning. The main mechanisms appear to be thematic evaluations by GEF IEO and the reviews by the Scientific and Technical Advisory Panel (STAP), which are highly valued by the Agencies. Learning products by Agencies, e.g., in the form of meta and thematic reviews or impact evaluations, remain an untapped resource. Greater peer learning across Agencies, transparency on ratings systems and evaluation approaches, sharing of self-evaluation results, and

improving the capabilities of the GEF Portal to support knowledge management infrastructure are some measures that can promote learning.

THE GEF PORTAL

As noted earlier, the GEF has transitioned from its Project Management Information System (PMIS) to the GEF Portal (GEF IEO 2017e). Launched in July 2018 at the start of GEF-7, the portal is aimed at providing "a user-friendly on-line interface to allow direct entry and review and approval of projects and programs proposed for funding by the GEF" and "to store data and documents related to their implementation" (GEF Secretariat 2018c). The shift was driven by the need to upgrade the GEF's system as the PMIS was increasingly unable to meet the needs of the GEF partnership (GEF IEO 2017e). The PMIS was not on the cloud, was not designed to manage the GEF activity cycle, was not accessible to the GEF Agencies for data input, and was not sufficiently secure (GEF IEO 2021h). Work on the GEF Portal started in 2017, with Information and Technology Solutions (ITS) implementing the technical development work.

This section reports on the extent to which the GEF Portal is meeting its objectives and presents lessons from the experience of its development and roll-out. In addition to a user survey, interviews, and document reviews, the evaluation team reviewed the web pages of the GEF Portal and three peer portal sites—the Green Climate Fund Project Portfolio System, the International Renewable Energy Agency (IRENA) Project Navigator, and the United Nations Framework Convention on Climate Change (UNFCCC) Clean Development Mechanism (CDM) information system.

The GEF Portal has enhanced the online project proposal submission process and review capabilities. Earlier, the project proposal submission and review processes were conducted offline and the documents were uploaded to the PMIS. With the portal, Agencies submit proposals and the Secretariat conducts its reviews and takes decisions on the portal. The portal creates a clear audit trail of a given action to facilitate accountability.

The portal has contributed to an improvement in data quality through increased automation and arrangements to ensure data entry discipline. The portal encourages discipline in data entry by requiring complete data to be entered at each stage. Errors are reduced through auto validation checks, though some glitches in data outputs continue to be discovered and addressed (GEF IEO 2021h). The quality of historical data remains less than desirable despite efforts to improve them.

The portal is easy to navigate, visually appealing, and accessible. The portal compares well with its peers, such as the Green Climate Fund Project Portfolio System, IRENA Project Navigator, and the UNFCCC CDM information system. User perception on ease of navigation and use is varied and appears to be linked with frequency of usage. For example, while 58 percent of those using the portal daily assess navigation to be somewhat to very easy, only 30 percent of those who use it at a lower frequency find it to be so. Compared to 42 percent of the respondents from GEF Agencies, a significantly higher 61 percent of respondents from other groups rated the quality of the GEF Portal to be better than other similar portals.

User experience has improved with further development of the portal over time, but a few issues remain. The pre-launch development of the portal took place on a tight schedule and there was little time to discover and address problems. Initially, not all user groups were provided access. The portal faced connectivity issues, but these have been addressed by increasing the available

bandwidth. For a long time before the reporting function was upgraded, those who could use the portal were unable to get reports they needed. In the past two and a half years several additional features have been rolled out, accompanied by workshops and training on use of the new features. The portal team notes that it is working on an improved reporting platform and developing a dashboard for better reporting. Several other gaps remain to be addressed. There is a need to develop a comprehensive system of alerts through emails, provide the ability to batch-download documents, enhance the capabilities of the search function, and ensure that the calculations presented in the portal data outputs and reports are correct. A shared frustration among several respondents is that there is no clear indication as to when the portal will achieve full functionality. Overall, there is a need for a more systematic approach to identify and prioritize problems with the portal.

9.3 Knowledge management in the GEF: Constraints and opportunities

This section draws on the Evaluation of Knowledge Management (KM) in the GEF (GEF IEO 2020d), as well as other IEO evaluations that address KM.[7]

The path to a greener recovery will require real-time learning and exchange within and across countries to identify what works and disseminate scalable solutions. At the operational level, projects and programs can become more effective if they learn from their own implementation and from other interventions, adapt in response to evidence and evolving external conditions, and identify lessons for future programming. At the strategic level, the GEF partnership and the broader environmental community benefit through concerted efforts that support learning across interventions, agencies, and countries, as well as when project and program knowledge is consistently integrated, easily searchable, and accessible through online repositories (box 9.1).

Over the last two replenishment periods of GEF-6 and GEF-7, the GEF has recognized the relevance of knowledge management to its mandate and has launched several knowledge management initiatives. A high priority has been given to KM since GEF-6, with the establishment of a dedicated work stream within the Secretariat that has rolled out a range of KM activities guided by the 2015 KM Approach Paper and the KM Advisory Group (GEF 2015). The 2017 Evaluation of Knowledge Management in the GEF acknowledged the GEF as a knowledge provider within the broader

Box 9.1 Key definitions of knowledge terminology

Knowledge management is a process by which members of the GEF partnership generate value and improve performance from their information and knowledge-based assets. It includes the following steps:

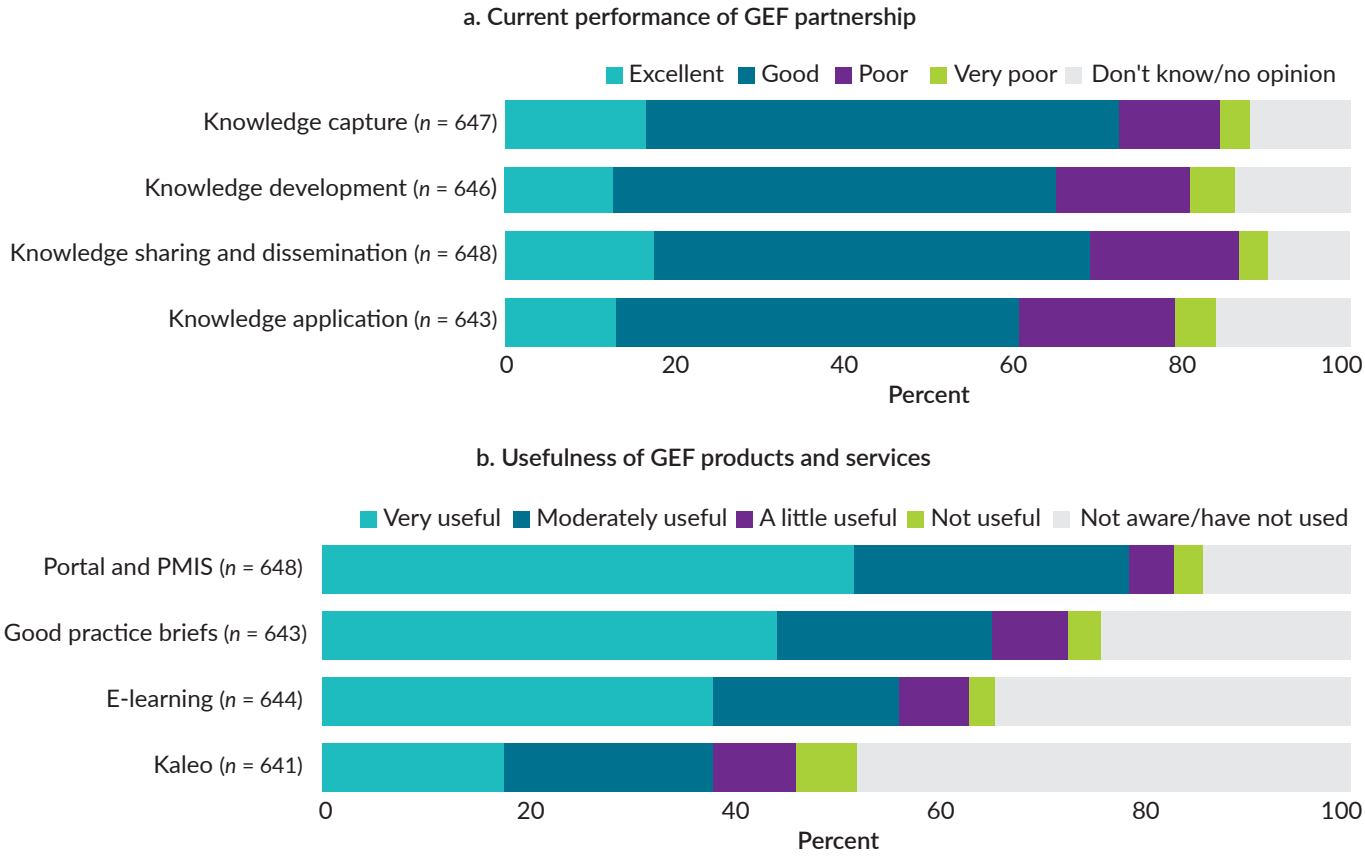
- **Knowledge capture:** collecting data and information from GEF projects and programs through planning, monitoring, reporting, evaluation, and other processes
- **Knowledge development:** transforming GEF data and information into usable formats that can then be shared
- **Knowledge sharing and dissemination:** activities to communicate knowledge to audiences and making it accessible, through events, publications, and platforms
- **Knowledge application:** the use of available GEF knowledge in current and future GEF and non-GEF projects, programs, and policies, and by external stakeholders.

international environmental community but noted that the GEF played less of a role as a knowledge broker, that is, systematically organizing and sharing knowledge and lessons learned by different parts of the partnership (GEF IEO 2017b). Similarly, in the 2017–18 assessment of the GEF, the Multilateral Organization Performance Assessment Network (MOPAN) concluded that new efforts were required in KM, including the synthesis, access, use, and dissemination of knowledge and lessons learned from GEF projects and programs (MOPAN 2019).

Since 2017, the GEF Secretariat has launched several new KM and learning initiatives, guided by the 2015 KM approach paper, but not by a KM strategy or plan. These include the GEF Academy, the Good Practice Briefs, the launch of the GEF Portal, the strengthening of KM guidance for project proposals and the project cycle, and the Kaleo "Ask the Expert" tool. Other initiatives have continued from the previous replenishment period, such as greater integration of KM in programmatic approaches through knowledge platforms, and the Knowledge Days during the ECWs. In response to COVID-19, online events were introduced as an interim replacement for the ECWs and focused on specific topics to enable sharing of experience across constituencies.

Figure 9.3 presents data on perceptions of KM in the GEF partnership based on stakeholder surveys conducted for the IEO evaluation of KM.

Figure 9.3 Perceptions of KM in the GEF partnership and usefulness of KM



Source: Stakeholder survey, GEF IEO 2020d.

Since 2017 progress has been made at each step of the KM process across the GEF partnership, but awareness and use of these new developments has been limited.

In **knowledge capture**, as noted in the previous section on the GEF Portal, the introduction of the portal as a replacement for the PMIS is seen by stakeholders as a positive change that improves data collection and transparency, although the portal has still to demonstrate its use as an effective KM tool.

In terms of **knowledge development**, the GEF partnership has continued to transform data and information into usable products. As noted earlier, the GEF Secretariat piloted Good Practice Briefs and the Kaleo "Ask the Expert" tool, but the uptake has been limited. In addition to the GEF Secretariat, the GEF Agencies, the GEF IEO, and the STAP produce knowledge products. GEF-supported programs and projects also create knowledge and learning products. A remaining concern by stakeholders is the accessibility and curation of knowledge products.

In knowledge sharing and dissemination, the introduction of online and in-person training as well as the use of knowledge platforms in programs have supported stakeholders across the partnership. The "Introduction to the GEF" e-course on the GEF Academy and the "Gender and Environment" e-course have been completed by close to 1,000 participants. Other ongoing KM activities for sharing knowledge included Knowledge Days—GEF introduction seminars. As noted earlier, during the COVID-19 pandemic, online events were introduced as an interim replacement for the ECWs.

In knowledge application, the use of knowledge in projects has improved with KM requirements and guidance on KM activities expected at various stages in the GEF project cycle. This has been accompanied by guidance on good practice criteria for the KM section in project documents, which have been developed, discussed, and shared with GEF Agencies.[8] The quality-at-entry analysis found that more than 80 percent of the sampled GEF-6 and GEF-7 projects explain their KM tools and outputs in project documentation, including plans to learn, process, and capture knowledge, and expected outputs (table 9.2). At the same time, communication plans (including communication across the GEF partnership and to broader partners), KM timelines, and budgeting need further attention. However, as noted in chapter 4, there is still insufficient attention to learning from relevant previous projects in the same sector which negatively affects the sustainability of outcomes. The use of knowledge and learning activities, as noted in chapter 7, plays a key role in sustainability and scaling up.

The programmatic approaches have increasingly used knowledge platforms to foster learning and exchange. GEF-6 and GEF-7 programs, such as integrated

Table 9.2 Compliance with KM criteria in GEF-6 and GEF-7 project documentation

Criterion	Compliance (% of all projects)
Lessons learned/good practices integrated	85
Plans to learn from knowledge	94
Processes to capture knowledge	99
Tools/methods for knowledge exchange/ learning	100
Knowledge outputs	96
KM contribution to project sustainability	81
Communications plans	62
KM budget	66
KM timeline	26

Source: Quality-at-entry analysis, GEF IEO 2020d.

Note: *n* = 69 projects.

approach pilots (IAPs), impact programs, Global Wildlife Program, planetGOLD, and the Coastal Fisheries Initiative, among others, have developed program-level approaches to KM and funded coordination projects that include knowledge platforms. The use of central learning platforms also exists beyond programs in certain cross-cutting themes such as the GEF Gender Partnership and focal areas. In particular, IW:LEARN, the KM initiative of the international waters focal area, provides useful lessons for GEF KM based on its 20 years of experience (box 9.2).

Knowledge platforms have been effective in facilitating exchange. Several GEF IEO evaluations have reviewed the performance of knowledge platforms and provided evidence of their value (GEF IEO 2020b, 2020c 2020d, 2021e). In the knowledge platforms of the IAPs, the most effective activities combined global knowledge activities with tailored assistance to the participant countries. When done successfully, the benefits of local-to-global collaboration were the strongest. For example, in the Malaysia Sustainable Cities IAP child project (GEF ID 9147), the World Bank team was able to mobilize additional technical expertise through the global project to prepare the full-fledged outlook diagnostic report "Pathway to Urban Sustainability." In the Resilient Food Systems IAP, Agencies and technical partners are linking the regional hub with regional entities and initiatives, including the African Union and New Partnership for Africa's Development. These could influence policies and approaches for smallholder agriculture.

Box 9.2 IW:LEARN

The International Waters Learning Exchange and Resource Network (IW:LEARN) is an effective, unique knowledge management initiative of the GEF international waters focal area and has been executed through a series of projects since 1999. IW:LEARN was established to help improve transboundary water management by collecting and sharing good practices, lessons, and innovative solutions across the GEF's international waters portfolio. The initiative's website (iwlearn.net) gathers data and deliverables from individual projects and makes available case studies, guidance, and tools for better transboundary waters management.

IW:LEARN hosts the biannual GEF international waters conference to facilitate cross-sectoral and portfolio-wide learning and knowledge sharing. The network also supports practitioners through online and face-to-face trainings, regional and global dialogues, project twinning, and exchanges. Following regional training workshops and two international waters conferences in 2016 and 2018, 47 projects reported adoption or replication of at least one new approach or concept. Twinning between the government representatives from the Humboldt Current large marine ecosystem countries (Peru and Chile) and the Benguela Current Commission resulted in lessons for the design and implementation of the Humboldt Current Large Marine Ecosystem project (GEF ID 3749).

The terminal evaluation of the latest completed phase of IW:LEARN showed that stakeholders value its services and that its flexible and demand-driven design ensures the network's relevance (Elliott 2020). However, continuity of its services is a concern. A permanent solution is needed for hosting and maintaining the iwlearn.net website, including between the IW:LEARN phases.

Source: GEF IEO 2020d, n.d.

Several challenges are common across knowledge platforms in the IAPs. A main challenge has been insufficient budgetary allocations and low priority given to KM in child projects. Other challenges have been related to delivering country-relevant information, especially in the Sustainable Cities IAP, with its diverse participation ranging from less developed cities in Africa to much more developed cities in Asia, and to ineffective sequencing among platforms and child projects. The lessons from the GEF-6 knowledge platforms, which are now being incorporated into the design of GEF-7 impact programs, include the importance for the platforms to maintain closer partnerships with their child projects, provide technical assistance, and use regional clustering.

Despite the progress observed since 2017, challenges and limitations remain for project-level KM, overall KM strategy, and the role of GEF Agencies and countries.

Capturing data and information from GEF projects and programs. Although the move toward fully online management of project data and information was a positive step, the portal is not yet a KM tool, as it does not enable users to aggregate and extract lessons and good practices across projects on specific themes, focal areas, or geographic regions, which would allow partners to learn from each other and scale up good practices.

GEF KM strategy. The GEF currently has no partnership-wide strategy or work plan with priorities and a resource envelope. Instead, KM is broadly guided by the KM Approach Paper approved by the GEF Council in 2015. Several stakeholders noted that the KM Advisory Group is not fully taken advantage of in guiding KM within the GEF partnership. In general, stakeholders interviewed thought that despite the many recent and ongoing KM initiatives, a common approach to and strategy for KM was lacking, and that at minimum there was a need to update the 2015 KM Approach Paper. Development and planning for the GEF-8 were cited by several stakeholders as an opportunity to "re-set" the KM approach and strategy of the GEF partnership. An important issue to be addressed in the GEF KM strategy is further incentivizing systematic learning and KM in all projects and across the GEF portfolio.

Knowledge sharing across Agencies. Agencies point to various areas that need improvement. Although Agencies differ in their own KM capacities, needs, and systems, there is a general agreement between Agencies that the following areas still need improvement:

- Integration of lessons from previous into new projects, both within and between GEF Agencies
- Stronger peer-to-peer exchange between Agencies at the national and regional levels
- Exchanges between staff with KM and learning responsibilities
- Further guidance on KM at the project level for GEF Agencies, including recent examples on how to design a good knowledge management component in GEF projects and programs.

At the country level, GEF operational and political focal points and other stakeholders appreciate new KM initiatives, although they are not always aware of the services and products available. There is a need to ensure that GEF focal points (1) have access to information on the GEF portfolio, good practices, and partners; (2) continue the online dialogue within and between countries; and (3) increase targeted promotion of existing GEF KM services and products at the country level where they have been shown to be valuable (e.g., GEF e-learning courses, Good Practice Briefs).

9.4 Summary

The GEF policies are contemporary and aligned with relevant global strategies and are well supported by the

GEF Secretariat. Significant progress has been made on gender and the GEF Gender Partnership is a strong knowledge-sharing, knowledge exchange, and capacity development forum with considerable potential for replicability across other policies within the GEF. The updated Policy on Environmental and Social Safeguards has increased coverage of previously identified gaps, but would benefit from a knowledge-sharing effort that leverages expertise within the GEF partnership to highlight approaches for addressing safeguards implementation issues related to the updated ESS Policy.

With respect to stakeholder inclusion, the GEF has a long-standing commitment to engage civil society and indigenous peoples in GEF policies, strategies, programs, and projects—and this has been reinforced by the policies. The IPAG has gained credibility as a knowledge resource and could be leveraged further. The position of the GEF CSO Network has unfortunately weakened over the past four years and has not demonstrated its value proposition in a way that attracts donor resources. The GEF should consider rethinking its approach for how best to meaningfully engage civil society, learning from the other organizations navigating similar challenges.

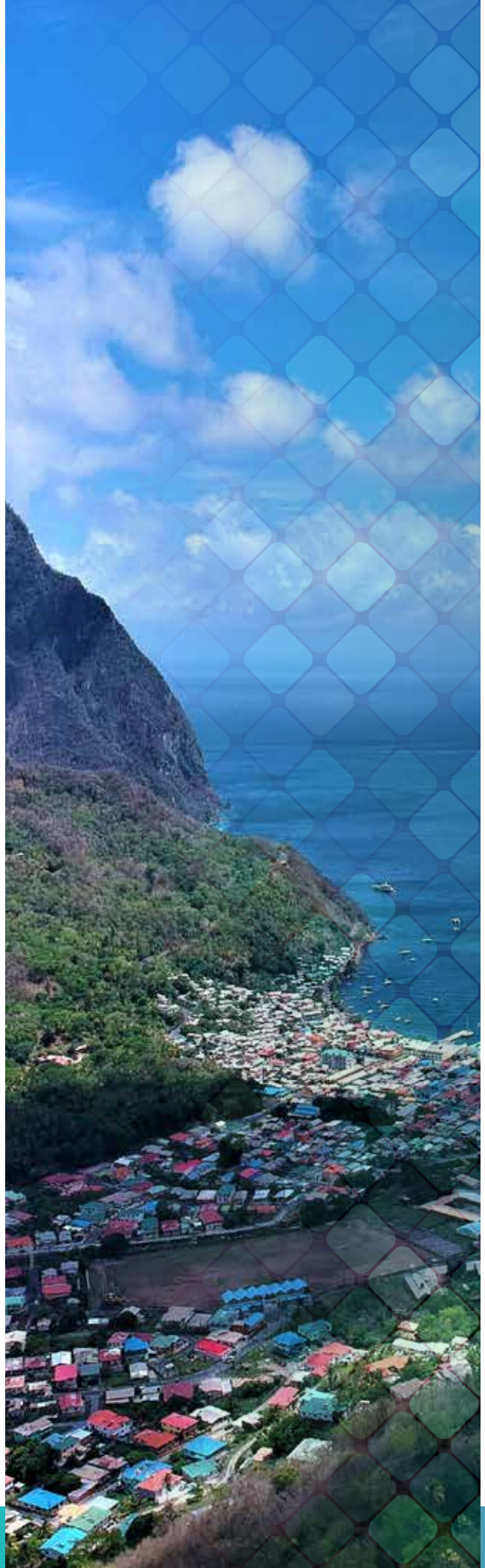
The GEF is continuously working toward improving the RBM system. The tracking tools and indicators have been streamlined and the indicators revised. Agency self-evaluation systems support accountability and the reporting of results on GEF projects. The system to capture data, the GEF Portal, has improved reporting and data quality. In GEF-8, there are further opportunities to strengthen the RBM system by incorporating indicators that capture results related to integrated approaches and pilots, as well as socioeconomic co-benefits.

Knowledge is an important resource of the GEF and requires a common approach to leverage the potential across the partnership through integration and easy access. A clear KM strategy, supported by an action plan, would help set the priorities and define roles and responsibilities for KM and learning across the GEF partnership. At the operational level, a technical solution would help capture and store project and program knowledge and present them in usable and accessible formats for internal and external users. At the policy level, GEF guidance on incorporating KM in projects or programs would demonstrate a realistic and clear link between KM activities and project objectives. Knowledge platforms and communities of practice could effectively use global knowledge and country context to provide more tailored assistance to GEF recipient countries.

NOTES

1. A survey was conducted for the study on stakeholder engagement, knowledge management, and the GEF Portal.
2. For information on the 2011 policy, see GEF (2012).
3. Comparator institutions include the Green Climate Fund, the Adaptation Fund, the World Bank, the Inter-American Development Bank, and the United Nations Development Programme.
4. This encompasses the Country Support Program, which was evaluated separately by the IEO in 2021 (GEF IEO 2021b).
5. The evaluation reviewed a random sample of 571 projects in two cohorts: projects approved from 2014 to 2018, and projects approved from 2018 to 2020. The review applied the definition of gender analysis from the policy and assessed whether the elements described were present in project documentation.
6. The Management Effectiveness Tracking Tool (METT) for projects focused on protected areas is still maintained. This is justified as the METT contributes to global databases, is used by external users, and has a better track record in terms of quality and completeness of information.
7. Besides the KM evaluation, this section draws on the following recent IEO evaluations: Evaluation of GEF Support in Fragile and Conflict-Affected Situations (GEF IEO 2020c), Evaluation of GEF Interventions in the Artisanal and Small-Scale Gold Mining Sector (GEF IEO 2020b), Third UNDP–GEF Joint Evaluation of the Small Grants Programme (GEF IEO and UNDP IEO 2021), Evaluation of the Country Support Program (GEF IEO 2021b), Formative Evaluation of the GEF Integrated Approach to Address the Drivers of Environmental Degradation (GEF IEO 2021f), and Results Based Management: Evaluations of the Agency Self-Evaluation Systems and the GEF Portal (GEF IEO 2021h).
8. The inclusion of a KM section within the project proposal templates has existed since GEF-6 but was reinforced in mid-2017 with the specification that KM-related projects and program expenditures were eligible for GEF funding; see GEF (2017a). This was further strengthened in 2020 with guidance on KM activities required at various stages in the GEF project cycle; see GEF (2020).

PART IV
WHERE TO NEXT?



CHAPTER 10

LEVERAGING THE GEF'S COMPETITIVE ADVANTAGE IN A GLOBAL GREENER RECOVERY

Over the last decade, the world has become more aware of the urgency of the ecological crisis, made manifest through accelerated species and habitat loss, desertification and land degradation induced by unsustainable human activities, and a changing climate with increasingly devastating consequences. The COVID-19 pandemic has further raised awareness of the human-environment nexus: that human activity affects climate change and environmental degradation, which in turn affects human life.[1] The roll-out of several large recovery programs by the world's leading economies includes investments in alternative and renewable energy, the greening of cities, the promotion of the blue economy, and circular economy approaches; this is gratifying but not sufficient.[2]

Building back greener is rooted in the social-ecological nexus, where socioeconomic and environmental systems interact. It entails fundamentally transforming existing practices in extraction, production, distribution, consumption, and waste management[3] to avoid perpetuating irreversible habitat and species loss, climate change, land degradation, and increased involuntary migration and inequality (Fakir 2021). This objective requires well-thought-out policies and investment in nature-based solutions to protect biodiversity, stabilize

climate, and manage land, water, and ocean resources sustainably. Commodity and value chains will need to be aligned with principles of circular economy, powered by carbon-neutral energy systems. Fossil fuels will need to be phased out, with major investments made in alternative and renewable energies. In sum, a clear departure from business as usual, with bold reforms and investments, is in order. Transformative change is imperative.

Just as the Rio conventions in 1992 were created as an expression of political will, building back greener will require intentional, substantial, and concerted action, engagement, and commitment by governments, development finance institutions, the private sector, and civil society. Clearly, the path to a greener recovery is going to be challenging and will not be uniform across countries, but will vary based on country characteristics, financial and institutional capacity, and political will.

But the situation now differs from the landscape of the early 1990s. The urgency is heightened, our knowledge and capacities have expanded, and our focus has been sharpened. And decision makers can lean into 30 years of GEF implementation experience.

The GEF is the world's only multilateral institution that has addressed—over three decades and across the focal areas of biodiversity, climate change, international waters, land degradation, and chemicals and waste—a broad range of environmental challenges spanning the full spectrum of human-ecological connections. And as the global environmental landscape gives a foretaste of catastrophes to come, the GEF, drawing on its experience, will need to activate the influence promised by its theory of change in leveraging, partnerships, and scaling up—including integrating with development policy for increased environmental sustainability.

Drawing on the evidence presented in this report, this chapter presents our main conclusions, highlighting the areas of the GEF's competitive advantage, and provides recommendations for the GEF to address operational challenges so it can be a partner of choice for recipient countries as they navigate the rebuilding process.

10.1 Conclusions

This section presents the strategic-level conclusions of OPS7, drawing on, but not necessarily repeating, those presented in earlier chapters.

Conclusion 1: The GEF continues to be a relevant financing mechanism of numerous conventions and multilateral environmental agreements, while advancing integrated programming on priority environmental issues and systemic transformation. At its core, the GEF is the sole financing mechanism of five global conventions and multilateral environmental agreements, mobilizing environmental finance in pursuit of global environmental benefits, nature-based solutions, and transformational change. Given this mandate, the GEF has an important competitive advantage in enabling programmatic approaches across complex systems. Over the last decade and a half, the GEF has increasingly looked to realize synergies between the conventions and agreements while drawing on its programmatic expertise. Building on its success with multifocal projects and the integrated approach pilots, the GEF has pursued a trajectory of integration with the design and implementation of impact programs grounded in a systems change–based approach.

The GEF has designed these programs with the objective of addressing the drivers of environmental degradation in innovative and adaptive ways. Nevertheless, it has yet to address fragmentation in the delivery of its integrated approach programs and to demonstrate the additionality of integration. At the country level, the GEF operational focal points (OFPs)

are constrained by incomplete information and have not completely adapted to the exigencies of integrated approaches. This means that focal area and impact program–related integration in GEF programming and project development has not been robustly translated into country-level action across ministries and sectors. Also, although there is some participation of priority country groups—specifically, least developed countries (LDCs) and small island developing states (SIDS)—in the impact programs, there is scope for the programs to be more inclusive.

Conclusion 2: The GEF has a strong record of performance. Over its 30-year history, the GEF has demonstrated improvements in all performance measures. Cumulatively, 80 percent of all completed GEF projects, accounting for 79 percent of GEF grants, are rated in the satisfactory range for outcomes. Adaptive management is an important enabler of positive outcomes. The quality of project design and implementation, country context, and timely materialization of cofinancing in supporting project outcomes are also important factors.

Since it takes time to observe outcomes, results on GEF-5 indicators are currently being observed. The GEF is on track to meet the GEF-5 replenishment targets for 7 of 13 results indicators. The GEF is unlikely to meet its GEF-5 target for agricultural/rangeland systems under sustainable land management and wider landscapes under sustainable management.

Implementation ratings have improved over time. Eighty percent of completed projects have satisfactory implementation and execution ratings. The quality of monitoring and evaluation design and implementation has also been improving; 77 percent and 67 percent of the OPS7 cohort projects were rated in the satisfactory range for monitoring and evaluation design and implementation, respectively, compared to 62 percent for OPS6 projects. Project sustainability ratings have also improved over time. Compared to 59 percent of those approved up to GEF-3, the outcomes of 68 percent of projects approved from GEF-4 onward are more likely to be sustainable at completion. Stakeholder and/or beneficiary buy-in, political support including adoption of complementary legal and regulatory measures, financial support for follow-up, materialization of cofinancing, and sustained efforts by the executing agency improve the likelihood of sustainability.

Not surprisingly, the COVID-19 pandemic has affected the implementation and performance of 88 percent of GEF projects, according to a recent review conducted by the IEO.

Conclusion 3: The GEF is a robust and adaptable partnership, comprising environmental, development, and financial expertise, convening multistakeholder programs and projects at multiple levels. There is scope for further strengthening the partnership with greater focus and selectivity in private sector participation. The GEF partnership comprises some of the world's leading development finance, development practice, and environmental organizations. However, evidence of continued competition persists between GEF Agencies at the project and country levels, with established relationships sometimes taking precedence over more objective considerations of Agency advantages. As a consequence, the partnership is not making the best use of its Agencies in supporting countries to realize their environmental ambitions and commitments.

The GEF continues to play a critical role in convening different stakeholders, including governments, multilateral development banks, nongovernmental organizations, civil society organizations, international organizations, and the private sector. The Private Sector Engagement Strategy and the nongrant instrument have allowed the GEF to make important improvements

in this regard, although the nongrant instrument still has to address constraints in terms of available expertise in the partnership in its design and implementation and administrative process issues.

The partnership has adapted its processes, mechanisms, and schedules during the pandemic to ensure continued pipeline development and project implementation. On the ground, GEF executing agencies and partnering civil society organizations have continued their efforts, despite the challenges of lockdowns, curfews, and stakeholder and colleague accessibility.

Conclusion 4: The GEF is a source of predictable environmental finance, enabling the mobilization of cofinancing and project scale-up. The GEF's System for Transparent Allocation of Resources (STAR) provides predictable environmental finance for countries to meet their commitments and obligations to the conventions and multilateral environmental agreements through focal area and multifocal projects as well as integrated programming. Such predictability, however modest, is a major advantage of the GEF, as it results in actions, practices, projects, and programs across the broader field of environmental sustainability—not only by the GEF but by other organizations as well.

The merit of retaining specifically designated STAR portions in line with the conventions remains unclear, given that global environmental challenges are multifaceted and related to entire commodity chains and complex biomes, largely situated at the social-ecological nexus. Furthermore, the shift toward integrated programming has not reduced the GEF's ability to help countries to deliver on their convention commitments.

The GEF's predictable resources have ensured continued national-level progress, through projects as well as enabling activities, and have mobilized important sources of cofinancing. While GEF resources are relatively modest compared to some more recent and much larger climate funds, these resources have mobilized up to nearly 10 times the GEF's contribution. The GEF has an as yet still unrealized potential for mobilizing additional resources in strategic and complementary ways. Possibilities include partnering with financing institutions—such as the Green Climate Fund (GCF), multilateral development banks, bilateral donors, foundations with complementary visions, and the private sector—to pursue synergies. One example under discussion is for the GEF to finance piloting, innovation, and complementary projects, with the GCF providing resources for scale-up; this arrangement affirms the strategic position of the GEF within the wider environmental finance landscape.

Conclusion 5: The GEF supports upstream policy work and the development of enabling environments at the country level, and its projects have contributed to building stronger country institutions; however, the GEF's ability and effectiveness in promoting policy coherence and institutional synergy will require substantial efforts by the GEF, together with complementary efforts in enforcement within countries. The GEF is valued for its focus on upstream work and its support in the creation of enabling environments to encourage public and private investments in environmental projects through policy, legal, and regulatory reform. The GEF is well situated to support the development of government institutions and other national actors' capacities, concurrently raising the profile of the environmental sector in the wider institutional and political economy landscape. GEF enabling activity support is an important competitive advantage in this regard, as it helps countries comply with their reporting and other obligations to the conventions/multilateral environmental agreements.

Many countries lack coherence between sectoral economic plans and environmental objectives. Prevailing contradictory or even perverse financial instruments,

fiscal incentives, and public investments are the main barriers to transformational change and sustainable recovery. However, the GEF partnership has only a modest capacity to address the challenges associated with driving policy coherence in recipient countries, including but not limited to, governance, oversight, and the control of public spending. Thus, even when projects manage to align with good policies, their enforcement is weak and beyond the GEF's control (Transparency International 2017).

GEF projects have also contributed to institutional strengthening and capacity building in member countries and have been widely recognized for being effective in delivering both. Focal ministries have reportedly been strengthened with technical capacity, materials, and policy support. The bulk of such institutional strengthening, however, is mostly restricted to the environmental sector; with few exceptions, little capacity was created in other sectors. The differences in institutional capacity across countries necessitate a tailored approach to effective country engagement by the GEF in programming GEF resources, selecting projects, and GEF participation in programs.

Conclusion 6: The GEF has a tried and tested set of implementation mechanisms, and each is effective in realizing its stated purposes—albeit with scope for increasing efficiencies in terms of time and financial resources. The GEF uses a range of mechanisms to address its various priorities and target groups, delivering projects of different sizes and approval requirements. The GEF and its partners are thus able to tailor projects to specific needs, obligations, and circumstances. GEF **enabling activities** have provided invaluable support to countries in enabling timely compliance and reporting to the conventions and multilateral environmental agreements. Indeed, they are a robust and essential mechanism, ensuring that the GEF remains true to its founding alignment with the conventions and multilateral environmental agreements. GEF Agency multilateral development banks are primarily interested in, and focused on, implementing **full-size**—and occasionally **medium-size**—**projects**, recognizing the value of GEF grants in supplementing multilateral development bank loans. Relatively smaller and newer GEF partner Agencies see medium-size projects (MSPs)—and potentially the **Small Grants Programme** (SGP)—as strong entry points to engage with the GEF. MSPs support pilots and innovative projects that can then be scaled up; SGP grants, awarded at the grassroots level, can support the development of a dynamic civil society movement locally and globally. However, limited SGP budgets constrain the ability of civil society organizations to contribute significantly in transformative ways. And the administrative requirements associated with the MSP approval process and enabling activities are disproportionate to the level of resources associated with these modalities.

Conclusion 7: The GEF is recognized as more innovative than other environmental funding institutions, balancing the pursuit of innovation with risk and performance considerations in its selection of projects, and preparing the groundwork for other donors to scale up its successful pilots. The GEF understands innovation to entail technological advances, increased efficiency of project management, and governance improvements. **Technological advances** primarily have been introduced for renewable energies and, more recently, methods for nature-based solutions. **Management innovations** mostly concern the integrated approach pilots and impact programs, which introduced a new scale and complexity in terms of the number of Agencies, countries, and stakeholders involved. **Governance innovations** are related to integrated approaches, and include efforts to increase policy coherence and eliminate obstacles for private sector initiatives. Projects of different sizes—including

SGP projects and MSPs—also advance technical, institutional, and social innovations.

The GEF is moderate in its risk-taking, but valuable and useful in allocating its grant funding for pilot and innovative activities, including for new technologies such as solar and wind energy. Its willingness to fund less-established technologies and enabling the piloting of innovations is an important advantage compared to other funding agencies. The approach to innovation, piloting, and scaling up is not very clear or systematic.

Conclusion 8: GEF policies and systems are generally consistent with global good practice and provide opportunities for the GEF to strengthen inclusion. The policies on safeguards, gender, and stakeholder engagement are generally well addressed in the GEF's vision, strategic priorities, and operational principles. These policies have contributed toward further strengthening GEF Agency policies, making them consistent with good practice as well. Policy implementation needs to be strengthened and monitored to be able to assess policy effectiveness. There is scope for more knowledge sharing and learning from Agency exchange on implementation of policies.

With regard to GEF systems, both results-based management and knowledge management have improved significantly in GEF-7. Gaps to be addressed include articulation of a clear framework for reporting on all aspects of integrated programming; this should focus on demonstrating the additionality of the approach and the inclusion of indicators to capture policy reform and socioeconomic co-benefits in the results framework. The development of a clear knowledge management strategy that is designed to effectively collect, store, and share knowledge would help consolidate progress to date and address gaps.

10.2 Recommendations

The GEF's clearly impressive project performance at the micro level is playing out against a deteriorating environmental, biodiversity, and climate situation at the macro level. GEF programming will need to be acutely cognizant of this micro-macro disconnect, as it directly compromises the GEF's core mission. In response, the GEF should actualize the theory of change presented in this report, which recognizes that micro-level project performance, while necessary, is not sufficient; it takes leveraging, mainstreaming, and risk-taking to move the needle on macro impacts. Project success, as measured, remains valuable; but as this report highlights, greater impact can be triggered through risk-taking—notably, by engaging with crucial stakeholders like green enterprises, private innovators, and indigenous interests, even if means some project failures.

Acknowledging the significant progress made during GEF-7, this report suggests that several areas involving the implementation of projects, programs, policies, and systems can be further strengthened, developed—and even redirected—to ensure the GEF becomes an even more effective organization operating synergistically within the current challenging landscape. We present here high-level strategic recommendations aimed at helping the GEF progress toward this goal. The recommendations of the individual evaluations underpinning this report have been presented to the GEF Council and are not included here. The following recommendations are not presented in any hierarchical order but are organized by theme: GEF strategy, processes, engagement, innovation, and policies and systems.

INTEGRATED PROGRAMMING

The GEF should continue pursuing integration in programming but should clearly demonstrate the additionality of this approach in terms of environmental

benefits, socioeconomic co-benefits, policy influence, and inclusion. The impact programs should be maintained along current themes, but with a greater emphasis on nature-based solutions to challenges at the social-ecological nexus. Complementarities between existing and proposed projects should be more clearly sought and articulated to support a systems-oriented approach.

Establishing clarity on roles; coordination among Agencies; and monitoring, reporting, and knowledge management responsibilities across the partnership is imperative for program success. The GEF should provide guidance and support to OFPs for the realization of cross-government, multi-ministry leadership groups on GEF projects. It should also clearly articulate in its results framework socioeconomic co-benefits and policy reforms. The path to a greener recovery will require integrated programs to ensure the inclusion of civil society and indigenous peoples as well as other diverse stakeholders, and attention to cross-cutting issues such as gender, resilience, and engagement with the private sector.

SMALL GRANTS PROGRAMME

The GEF should reappraise its vision for the SGP in order to expand its purpose and potential for impact. The SGP has been widely appreciated as enabling civil society participation in the GEF partnership. It can play a critical role in the post-pandemic green recovery, since it provides resources that are accessible to grassroots communities, enabling them to actively participate in rebuilding a sustainable and inclusive local economy. However, different partners hold diverging and sometimes competing visions of how the SGP could further build upon its results and social capital, which has an impact on its governance and policies. The perverse incentives under the upgrading policy should be reviewed so that the SGP's nature as a community-based program is not compromised. The GEF could also consider drawing on the expertise of its expanded Agency network to deliver projects under the program.

ADMINISTRATIVE PROCESSES

The GEF should review its requirements, processes and procedures to allow countries, Agencies, and the private sector to secure GEF resources and move to implementation and execution more quickly in the post-pandemic period. The preparation and approval of GEF projects can take many years, given the substantial requirements, processes, and procedures. To be more dynamic and transformative, the GEF will need to adjust these processes so funds can be accessed, and projects move toward implementation, more readily—particularly in the post-pandemic period. The GEF will thus be able to support a green, blue, clean, and resilient recovery with efficiency and alacrity. For one thing, the administrative requirements for the two-step MSP process should be streamlined so it does not limit the use of the MSP, which is a useful mechanism for innovation. The approval process for the nongrant instrument should be reviewed for consistency and to reflect industry good practice standards. And the GEF partnership must address delays in implementation of enabling activities after approval.

SYNERGIES AND COOPERATION AMONG AGENCIES

The GEF should establish clear ground rules for GEF Agency interactions with respect to project development and implementation, and in terms of engaging with OFPs and executing agencies. Ground rules should provide guidance to the Agencies about what is—and is not—acceptable at the country level. Efforts should be made to minimize certain types of competition, favoring the selection of Agencies that have demonstrated a clear comparative advantage for certain project types

and locations. Potential synergies should be cultivated between Agencies, drawing on the respective strengths of the various Agency types. GEF Agencies should be allowed to execute their own projects only on an exception basis to encourage more national organizations to undertake project execution.

COUNTRY ENGAGEMENT

The GEF should develop and implement a more strategic and coherent approach to engagement at the country level to better address varying country needs and capacities. To this end, the GEF should work proactively with countries to develop tailored strategies for engaging with the GEF, taking into consideration the programs of and possible synergies with other environment and climate funds. The OFPs would be essential in the preparation of such a country strategy, as they engage with a range of ministries, the convention focal points, and the focal points of other key environmental and climate finance mechanisms, and can thus ensure the development of synergies across the different funds. If well designed, the country strategy would help encourage cross-institutional collaboration and foster greater policy coherence. The GEF should leverage the Country Support Program to enable greater capacity building and strengthening of OFPs and other national institutions in line with ensuring more coherent delivery of programming.

PRIORITY COUNTRY GROUPS

The GEF should increase its support to LDCs and SIDS, to have greater impact in these priority countries. GEF resources allocated to LDCs and SIDS are too limited to have impact at a sufficiently large scale in addressing environmental problems. Moreover, few LDCs and SIDS have participated in the integrated approach pilots and impact programs. The GEF should continue to address capacity building in these groups through the Country Support Program or through synergies with other capacity-building programs. Across all country groups, particularly in fragile and conflict-affected situations, special attention must be paid to country context in project design and implementation.

PRIVATE SECTOR ENGAGEMENT

The GEF should strengthen private sector engagement with targeted support. To increase the efficiency and effectiveness of its private sector engagement, the GEF should consider (1) defining a narrower focus and specific targets for its private sector engagement; (2) clearly communicating its identity, value proposition, and processes of project design, development, and implementation to potential partners in the private sector; (3) seamlessly integrating financial and nonfinancial support to private sector partners, including micro, small, and medium enterprises; (4) ensuring that selected projects (and Agencies) have adequately researched and generated a pipeline of investment projects; and (5) supporting a comprehensive review and adjustment of its operational procedures to address constraints, including the possible development of a two-stage process for nongrant instrument approval.

INNOVATION AND RISK

The GEF should continue to pursue innovative projects to advance transformational change. GEF project review mechanisms should incentivize innovative projects across the partnership. The preparation process should explicitly allow for consideration of the risk associated with these projects. Moreover, the process should be streamlined; because many innovative pilots are MSPs, they should not be subject to the same processes as larger projects.

Since innovation is associated with some level of risk, the GEF Council, together with the GEF Secretariat and the

STAP, should clearly articulate the level of acceptable risk across the various instruments and approaches, for clarity across the partnership and to encourage innovation through a managed approach. The GEF could consider establishing a specific window for financing innovation with a higher risk tolerance.

POLICIES AND SYSTEMS

Monitoring implementation of GEF policies needs to be continued—and done better. The recent GEF policies on safeguards, gender, and stakeholder engagement will need to be monitored, with adequate data and evidence, to be able to assess their effectiveness.

The GEF results-based management and knowledge management systems should adapt with the shift to integration. The GEF results-based management system should be structured to enable reporting on the overall performance of each integrated approach pilot and impact program, through aggregation of results across child projects, as well as demonstrate the additionality of the integrated approach. Core indicators should be developed to capture socioeconomic and policy co-benefits. Knowledge management efforts need to be coordinated across the partnership, with a focus on promoting South-South learning.

NOTES

1. The pandemic has made more than 70 percent of survey respondents aware of the links between human activity and the environment, according to a Boston Consulting Group (2020) survey of more than 3,000 people across eight countries.
2. A study conducted by Oxford University researchers for the United Nations Environment Programme, which assessed over 3,500 fiscal policies announced in 2020 by leading economies, found that 18 percent of recovery funds, valued at $341 billion, could be considered green initiatives (O'Callaghan and Murdock 2021).
3. Plastic waste alone in landfills is expected to reach 12 billion tons by 2050 (Ang 2021).

ANNEXES

ANNEX A

GLOSSARY

Activity (of an intervention). An action undertaken during an intervention that contributes to the achievement of the intervention's objectives. An intervention is implemented through a set of activities, e.g., training, (support to) policy development, (implementation of) management approach.

Additionality. (1) Changes in the attainment of direct project outcomes at project completion that can be attributed to the GEF's interventions; these can be reflected in an acceleration of the adoption of reforms, the enhancement of outcomes, or the reduction of risks and greater viability of project interventions. (2) Spillover effects beyond project outcomes that may result from systemic reforms, capacity development, and socioeconomic changes. (3) Clearly articulated pathways to broaden the impact beyond project completion that can be associated with GEF interventions (GEF IEO 2018c).

Broader adoption. The adoption of GEF-supported interventions by governments and other stakeholders beyond the original scope and funding of a GEF-supported intervention. This may take place through sustaining, replication, mainstreaming, and scaling-up of an intervention, and/or its enabling conditions (see definitions below) (GEF IEO 2010).

Environmental outcomes. Changes in environmental indicators that could take the following forms: (1) Stress reduction: reduction or prevention of threats to the environment, especially those caused by human behavior (local communities, societies, economies). (2) Environmental state: biological, physical changes in the state of the environment (GEF IEO 2010).

Impact. The positive and negative, primary and secondary, long-term effects produced by a project or program, directly or indirectly, intended or unintended (GEF IEO 2019c).

Intervention. Any programmatic approach, full-size project, medium-size project, or enabling activity financed from any GEF-managed trust fund, as well as regional and national outreach activities. In the context of postcompletion evaluation, an intervention may consist of a single project, or multiple projects (phased or parallel) with explicitly linked objectives contributing to the same specific impacts within the same specific geographical area and sector (GEF IEO 2019c).

Mainstreaming. When information, lessons, or specific aspects of a GEF initiative are incorporated into a broader stakeholder initiative. This may occur not only through governments but also in development organizations and other sectors (GEF IEO 2010).

Outcome. An intended or achieved short- or medium-term effect of a project or program's outputs (GEF IEO 2019c).

Replication. When a GEF intervention is reproduced at a comparable administrative or ecological scale, often in different geographical areas or regions (GEF IEO 2010).

Scaling-up. Increasing the magnitude of global environmental benefits, and/or expanding the geographical and sectoral areas where they are generated to cover a defined ecological, economic, or governance unit. May occur through replication, mainstreaming, and linking (GEF IEO 2019d).

Social and economic outcomes. Changes in indicators affecting human well-being at the individual or higher scales, e.g., income or access to capital, food security, health, safety, education, cooperation/conflict resolution, and equity in distribution/access to benefits, especially among marginalized groups.

Sustainability. The continuation/likely continuation of positive effects from the intervention after it has come to an end, and its potential for scaling-up and/or replication; interventions need to be environmentally as well as institutionally, financially, politically, culturally, and socially sustainable (GEF IEO 2019c).

Synergies. Multiple benefits achieved in more than one focal area as a result of a single intervention, or benefits achieved from the interaction of outcomes from at least two separate interventions in addition to those that would have been achieved had the interventions been done independently (GEF IEO 2017c).

Trade-offs. A reduction in one benefit in the process of maximizing or increasing another benefit (GEF IEO 2017c).

Transformational change. Deep, systemic, and sustainable change with large-scale impact in an area of major environmental concern. Defined by four criteria: relevance, depth of change, scale of change, and sustainability (GEF IEO 2017d).

ANNEX B

OPS7 APPROACH PAPER

GLOBAL ENVIRONMENT FACILITY
INVESTING IN OUR PLANET

GEF/ME/C.58/02
May 3, 2020

58th GEF Council
June 02 – 03, 2020
Virtual Meeting

Agenda Item 07

SEVENTH COMPREHENSIVE EVALUATION OF THE GEF (OPS7)
APPROACH PAPER

(Prepared by the Independent Evaluation Office of the GEF)

Recommended Council Decision

The Council, having reviewed Document GEF/ME/C.58/02, "Seventh Comprehensive Evaluation of the GEF (OPS7): Approach Paper," approves this approach paper. The Council requests the Independent Evaluation Office to conduct the Seventh Comprehensive Evaluation (OPS7) and to provide the evaluation reports to the replenishment process and to the Council according to the schedule presented.

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I. INTRODUCTION

1. The eighth replenishment of the Global Environment Facility (GEF) will take place in an international context that is very difficult to predict and navigate. The global environment continues on a downward trend, and more than a decade after the financial crisis of 2008, the world economy is still struggling with slow growth and constrained government budgets. The current global pandemic will place additional pressure on budgets at all levels of country governments, possibly contributing to another global recession. The pandemic has also brought home the fact that haphazard expansion of human activities and destruction of natural habitats can lead to severe, unexpected negative consequences.

2. Several other global challenges exist that will require significant public-private cooperation to address (World Economic Forum 2020). These challenges include a global population increase of 2 billion by 2050, accompanied by a rapid increase in the global middle class—3 billion in the next two decades—rapidly growing unemployment, income and wealth inequality within and across countries, and agrarian stress. These trends will require the world to meet increased demands for food, energy, human habitat, transportation, and more—all placing direct pressure on the global environment. Further, the international environmental architecture of conventions, funds, programs, and donors continues to show increasing fragmentation, making it more difficult to coordinate and harmonize funding for the implementation of environmental activities globally.

3. The response to these global environmental challenges has increased significantly in recent years, mainly in the area of climate change. Annual tracked climate finance flows in 2017 and 2018 reached $579 billion,[1] a 25 percent increase from 2015/16 (Buchner et al. 2019). Approximately $253 billion of global climate finance was committed by the public sector, with development finance institutions providing the majority (84 percent). Multilateral climate funds, including the GEF, increased annual financing to $3.2 billion in 2017-18, up 43 percent from 2015-16. The private sector provided, on average, $326 billion during 2017 and 2018, a 31 percent annual increase over 2015-16. While climate finance has reached record levels, action still falls far short of the estimated funding required to meet mitigation as well as adaptation requirements.[2] Other environmental priorities such as biodiversity have received even less attention.

4. The GEF continues to occupy a unique space in the global environmental financing architecture by delivering global environmental benefits across multiple domains. Its uniqueness derives from its role in financing the major multilateral environmental agreements, including the Convention on Biological Diversity, the United Nations Framework Convention on Climate Change, the Stockholm Convention on Persistent Organic Pollutants, the United Nations Convention to Combat Desertification, and the Minamata Convention on Mercury. In addition, the GEF provides funding to support economies in transition in phasing out ozone-depleting substances under the Montreal Protocol. The GEF also funds projects in international waters and sustainable forest management that support the implementation of several global and regional multilateral environmental agreements.

5. The 2020 vision for the GEF aimed at positioning it as a champion of the global environment, building on its role as the financial mechanism of several multilateral environmental agreements,

[1] All dollar amounts are U.S. dollars unless otherwise indicated.

[2] At the low end, $1.6 trillion is needed between 2016 and 2050 under a 1.5 ˚C global warming scenario (IPCC 2018); the costs of adaptation are estimated at $180 billion annually from 2020 to 2030 by the Global Commission on Adaptation (GCA 2019).

supporting transformational change, and achieving global environmental benefits on a larger scale through integrated approaches (GEF 2015). Integrated and systems-based approaches (i.e., those that simultaneously consider multiple benefits) enable cross-linkages to be explored and systemwide effects to be managed. In this way, policies can support a number of social, economic, and environmental goals aimed at human well-being, ensuring that various preconditions are in place (UN Environment 2019). To achieve this vision, the GEF 2020 Strategy was focused on designing interventions that would address the drivers of environmental degradation, support innovative and scalable activities, and deliver the greatest impacts cost effectively.

6. During the GEF-7 negotiations—and in addition to the focal area strategies—there was broad support for building on the innovative programming directions introduced in GEF-6 (GEF Secretariat 2016). Replenishment participants agreed that the impact programs (IPs) could keep the GEF on the cutting edge of innovation and improve its responsiveness to regional and global issues, building on the lessons and experience of the integrated approach pilots (IAPs).[3] The GEF-7 programming strategy does so, and includes IPs focusing on food systems, land use, and restoration; sustainable cities; and sustainable forest management. These IPs have been designed with the objective of helping countries pursue holistic and integrated approaches for transformational change in these key systems in line with their own national development priorities. The IPs also seek to engage the private sector, thereby improving knowledge sharing and learning, and ensuring more effective use of GEF resources (GEF Secretariat 2018).

7. To implement its strategy and achieve its overall objective of delivering global environmental benefits, the GEF has a network of implementing partners. This network has expanded from an initial three Implementing Agencies (the United Nations Development Programme, the United Nations Environment Programme, and the World Bank Group) to 18 Agencies today. Other important institutional reforms include the GEF resource allocation system—initially the Resource Allocation Framework in GEF-4, followed by the System for Transparent Allocation of Resources (STAR) from GEF-5 onwards. The STAR was designed to provide predictable funding to recipient countries, contribute to country ownership, enhance country engagement, and promote flexibility in programming. At its 54th meeting in June 2018, the GEF Council approved a new policy for the STAR that introduced modifications as agreed by the participants to the seventh replenishment of the GEF Trust Fund. The policy and associated guidelines were effective as of July 1, 2018.

8. The negotiations for GEF-8 will be informed by an overall comprehensive evaluation of the GEF conducted by the Independent Evaluation Office (IEO). Assuming the schedule of the seventh replenishment is followed for the upcoming GEF-8 replenishment, it is expected that the Seventh Comprehensive Evaluation of the GEF (OPS7) will be presented at the replenishment meeting in October 2021; subsequently as a working document to the GEF Council in December 2021; and finally presented at the next GEF Assembly to be held in 2022.

9. This approach paper presents a roadmap for OPS7. The purpose is to guide the preparation of the inputs into OPS7 and facilitate constructive dialogue in the GEF and among its partner Agencies. OPS7 will cover two closely interrelated main themes: GEF strategy, institutional issues, and programming; and GEF

[3] The three IAPs in GEF-6 were the Fostering Sustainability and Resilience for Food Security in Sub-Saharan Africa IAP, the Sustainable Cities IAP, and the Taking Deforestation out of Global Commodity Supply Chains IAP. They were all designed with the objective of addressing global environmental issues more holistically, within a broad and complex set of development challenges.

performance, impact, and sustainability. At the strategic level, OPS7 will assess the results and lessons learned from implementation of the GEF 2020 Strategy, progress on recommendations made in OPS6, and design and progress on implementation of the GEF-7 programming strategy. OPS7 will address issues core to the GEF 2020 Strategy including the GEF's performance in reducing environmental stresses and enhancing global environmental benefits, promoting transformational change through innovation, and scaling up impacts through integration and systemic approaches with efficiency. OPS7 will analyze the institutional policies that have supported implementation of the GEF 2020 Strategy through assessment of GEF progress in achieving gender mainstreaming and women's empowerment; increasing the role of the private sector; implementing policies on safeguards and stakeholder engagement, including of civil society and indigenous peoples; and strengthening results-based management and knowledge sharing. OPS7 will draw on evidence for (1) the achievements, results, and performance of the GEF—both in focal areas as well as in multifocal projects and programs, with a special focus on sustainability; (2) the performance of the IAPs and design elements of the IPs with an emphasis on innovation, transformational change, scaling-up, and additionality; and (3) progress on implementation of the GEF's operational policies and programs that support implementation of the GEF strategy.

10. This paper begins with a brief discussion of the conclusions of previous GEF overall performance studies (OPSs). This is followed by a summation of the key areas of focus and the evaluation questions for OPS7, the sources of evaluative evidence, and methodological considerations and limitations. Issues to be addressed are also presented, based on preliminary discussions with GEF partners, participating Agencies, and members of the GEF Council and GEF Secretariat.

11. In preparing this approach paper, the IEO has initiated a consultative process with a variety of stakeholder groups including GEF Secretariat, the GEF Agencies, civil society organizations (CSOs), and country focal points. The draft approach paper for OPS7 will be posted on the IEO website, inviting comments and suggestions from GEF constituencies and partners until August 2020. A five-member external review panel will advise the IEO throughout the evaluation process in addition to providing quality assurance.

II. Background

A. Evolution of the GEF's Overall Performance Studies

12. The first study of the restructured GEF was requested by the Council in 1996. The study concluded that, in general, the GEF had performed effectively in creating new institutional arrangements and approaches to programming its resources in the four focal areas of its work and had been quite successful in leveraging cofinancing for GEF projects, with some positive impact on policies and programs in recipient countries (Porter et al. 1999). The study further concluded that good stakeholder involvement and participation in GEF projects was one of the key strengths of GEF operations.

13. The Second Overall Performance Study (OPS2) was designed to assess the extent to which the GEF had achieved its primary objectives as specified in the 1994 restructuring and GEF policies of subsequent years. The evaluation concluded that GEF-supported projects were able to produce significant results that address important global environmental problems (GEF 2002). It was clear around 2002 that the GEF had produced a wide array of project results considered important in achieving future positive environmental impacts.

14. OPS3 evaluated the results of GEF activities; the sustainability of results at the country level; the GEF as a catalytic institution; GEF policies, institutional structure, and partnerships; and GEF implementation processes (GEF IEO 2005). It concluded that, while there had been substantial progress in the GEF system with a much better informed stakeholder group as well as better functioning processes than four years before, there was a need for "constructive dialogue" in defining baselines in the face of a moving target—for example, as additional species were catalogued or as abandoned stockpiles of persistent organic pollutants were uncovered.

15. The effort to determine progress toward results within the GEF continued in OPS4. The study concluded that the GEF was relevant both to the conventions and to regional and national priorities (GEF IEO 2010). GEF projects were assessed to be effective in producing sustainable outcomes. Seventy percent of completed projects were expected to make progress toward global environmental benefits. However, follow-up actions from national partners were key impact drivers that required attention. The study recommended improving the GEF's efficiency with an emphasis on programming, reducing the period for project identification, improving project formulation, and enhancing the fee structure. It also recommended more integrated learning and a results-based management framework to provide the basis for measuring progress toward impact.

16. OPS5 concluded that the GEF was achieving its objectives and had played a catalytic role in supporting countries in meeting their obligations under the multilateral environmental agreements and in tackling global environmental issues (GEF IEO 2014). As a network, OPS5 noted that the GEF continued to search for ways to function as smoothly as possible. The report argued that network interactions had been scaled back, and effective interaction was adversely affected. Delays in the project approval process, which had often occurred in the past, were reduced but the process was still not efficient. The report questioned the appropriateness of the GEF's organizational and business model and concluded that there was a need for the GEF to reflect and find appropriate solutions in the sixth replenishment period. These issues were specifically addressed in the OPS6.

17. OPS6 assessed GEF relevance, performance, and impact, and its institutional and governance issues in detail (GEF IEO 2017). The evaluation noted the GEF's strong track record in delivering overall good project performance, being catalytic, and driving transformational change. Progress was noted in programs, policies, and systems, with recommendations for further improvement.

18. OPS6 found the shift toward programmatic approaches and integration across focal areas to be relevant in addressing drivers of environmental degradation; but noted that complex designs had implications for outcomes, efficiency, and management. The IAPs were relevant to the environmental issues they addressed, had been designed coherently in terms of alignment of program and child project objectives, results-based management frameworks, and monitoring and evaluation systems. They also had innovative knowledge components. However, the evaluation noted that improvements were needed on several fronts in these pilots: targets needed to be better specified and measured, and there was a need to demonstrate program additionality over a set of discrete projects. There were inefficiencies caused by delays in designing and launching the IAPs. Also, the management of these complex programs was resource intensive, involving implementing and government agencies and countries. The selection process of countries and agencies was not always transparent.

19. The evaluation highlighted that GEF policies on gender mainstreaming, safeguards, and indigenous peoples had clearly advanced the GEF's efforts in these areas, but gaps existed in the frameworks relative to good practice in partner agencies and in implementation. Operational restrictions and lack of awareness of the GEF resulted in not fully realizing the potential for successful engagement with the private sector. The GEF's Project Management Information System, as well as its results-based management system and knowledge management system, had improved but failed to keep pace with the needs for real-time project information, monitoring data for decision making, or knowledge sharing to improve project design and implementation.

20. The OPS6 recommendations highlighted

(a) the need for strategically positioning the GEF in the changing landscape for environmental finance;

(b) enhancing transformational change;

(c) the importance of a continued focus on the integrative principle in GEF programming with an emphasis on improving efficiency, transparency, innovation, and additionality;

(d) improving financial risk management;

(e) strengthening the GEF's operational governance;

(f) designing a strategy for greater private sector engagement;

(g) promoting gender equality;

(h) developing policies and implementation guidelines on safeguards and engagement with indigenous peoples; and

(i) improving systems for project management data, monitoring, and knowledge sharing.

These recommendations were endorsed by the GEF Replenishment Committee and included in the GEF-7 policy recommendations. The upcoming OPS7 comprehensive evaluation will, among other tasks, assess the GEF's progress in addressing the gaps identified in OPS6.

B. Context and Coverage of OPS7

21. The GEF-8 replenishment will take place against a background of a world economy recovering from a global pandemic, declining environmental trends, and continue pressures on people and the environment. The GEF becomes even more important within the context of this pandemic. The scientific literature highlights how destroyed habitats provide perfect conditions for such viruses to thrive. "We invade tropical forests and other wild landscapes, which harbor so many species of animals and plants—and within those creatures, so many unknown viruses," David Quammen, author of Spillover: Animal Infections and the Next Pandemic, recently wrote in The New York Times. "We cut the trees; we kill the animals or cage them and send them to markets. We disrupt ecosystems, and we shake viruses loose from their natural hosts. When that happens, they need a new host. Often, we are it." Further, financing still falls far short of the estimated requirements for mitigation, adaptation and environmental priorities such as biodiversity. It is also possible that the strategic context for OPS7 will shift further over the next 18 months – both in terms of the economic context, but also in terms of completely new/different opportunities for environmental conservation, protection and re-vitalization, be this through government programs or public-private partnerships. Against this backdrop, the GEF plays a very important role in reducing environmental stresses, improving biodiversity, and reducing deforestation.

22. The overall purpose of OPS7 is to provide solid evaluative evidence to inform the negotiations for GEF-8. As the GEF 2020 Strategy draws to a close, consistent with the objectives of the previous OPSs and the GEF Instrument, OPS7 will assess the extent to which the GEF is achieving its objectives of enhancing global environmental benefits as set forth in the GEF Instrument, in reviews by the Assembly, and as developed and adopted by the GEF Council in operational policies and programs for GEF-financed activities, with a view to identify potential areas for improvement going forward. OPS7 will assess the GEF's progress on implementation and achievement of the GEF 2020 Strategy against the objectives of addressing the drivers of environmental degradation and reducing environmental stress; greater integration, innovation, and scaling-up; and achieving transformational change and impacts with greater efficiency.

23. The four-year work program and budget of the IEO present the strategy, programming, and other knowledge work for the GEF-7 period (GEF IEO 2019, and annex A). This was discussed and approved by the GEF Council in June 2018. The work program builds on OPS6 and was designed to provide evaluative evidence on the performance of GEF projects from earlier replenishments and on the major strategies and programs approved in GEF-7. As such, all evaluations conducted between 2018 and 2021 and approved in the work program will feed into the comprehensive evaluation; additional studies that are required to address specific questions and issues relevant for the replenishment process will be carried out over the 2021 fiscal year. All approach papers and concept notes for the evaluations are available.

24. The OPS7 work program broadly relates to two themes: (1) GEF strategy, institutional issues, and programming; and (2) GEF performance, impact, and sustainability. Key evaluation criteria such as relevance, impact, performance, and the catalytic role of the GEF that were investigated in earlier OPSs are now part of the regular work program of the IEO. Since OPS6, the IEO has also explored factors affecting the sustainability of GEF interventions and has focused on GEF innovation and additionality.

25. Within these two broad themes, the evaluation of implementation of the GEF 2020 Strategy and progress on GEF-7 will be based on the following areas of focus:

(a) GEF performance, additionality, longer-term impacts, and sustainability at the portfolio and country levels

(b) GEF modalities, including the performance of the small grant, medium-size project, and enabling activities

(c) The IAPs and the IPs

(d) Focal area assessments, limited to specific themes such as the Cleantech Programme and a review of GEF support to sustainable transport within the climate change focal area, GEF support to freshwater and fisheries in international waters, the Artisanal Gold Mining Program in chemicals, the GEF's sustainable forest management initiatives, and biodiversity mainstreaming

(e) GEF support to innovation and scaling-up

(f) Private sector engagement through specific attention to GEF support to small and medium-size enterprises (SMEs) in the energy efficiency, renewable energy, and artisanal gold mining sectors

(g) The GEF Country Support Programme

(h) The GEF stakeholder engagement policy, and evaluation updates on implementation of the GEF policies on safeguards, gender, and engagement with indigenous peoples and civil society

(i) GEF policies to improve operational efficiency, the redesigned results portal, and knowledge management initiatives

26. In light of the current pandemic, OPS7 will also include studies that relate to lessons learned from the successes and failures of GEF programs following other crises. This will provide insights into the GEF's ability to be flexible and adapt to rapidly changing situations.

27. The audience for OPS7 comprises replenishment participants, the GEF Council, the GEF Assembly, members of the GEF partnership, and external stakeholders. Relevant findings will be presented to stakeholders and partners in the GEF, including the GEF Secretariat, the GEF Agencies, the GEF Scientific and Technical Advisory Panel, the GEF-CSO Network, operational and political focal points in countries, civil society groups including private and public sector entities, as well as the academic community. Findings will be shared through existing channels such as the Expanded Constituency Workshops, the IEO website, webinars, and GEF-CSO Network meetings. The evaluation will also be distributed to the multilateral environmental agreement secretariats and their conferences of the parties.

III. Approach to Preparing the Seventh Comprehensive Evaluation

A. Issues, Questions, and Scope

28. The IEO GEF-7 work program broadly relates to two main strands of work: (1) GEF strategy, institutional issues, and programming; and (2) GEF performance, impact, and sustainability. These two areas provide a good evaluative framework to assess the effectiveness of the GEF 2020 and GEF-7 strategies and the policies and institutional framework that support their implementation. The two strands are also consistent with well-established evaluation criteria of relevance, coherence, efficiency, effectiveness, and sustainability.

29. The work program (GEF IEO 2019) was developed to assess the progress of the GEF against the key strategic priorities included in the GEF-7 Programming Directions (GEF Secretariat 2018), and progress in implementation of policies designed to support the effective functioning of the GEF. The overall approach of IEO evaluations in the GEF-7 period addresses performance, impact and sustainability, drivers of environmental degradation, additionality, innovation, and scaling-up through various thematic and focal area evaluations. Results at the country level are assessed through evaluations of strategic country clusters, and GEF support in fragile and conflict-affected situations. The performance of the GEF partnership in terms of relevance, efficiency, and effectiveness will be assessed through the annual performance reports, terminal evaluations, and post-completion verifications. In addition, evaluation of the IAPs and IPs will provide evidence against the GEF 2020 Strategy for greater integration. The implementation of GEF policies on safeguards; gender; engagement with stakeholders, civil society, the private sector, and indigenous peoples; and GEF systems to support effective results management and knowledge sharing will be assessed based on the roll-out timelines of the respective policies. The Country Support Programme, designed to help channel GEF funding to countries, will be evaluated after 10 years. Institutional governance issues will be addressed through evaluations of the IAPs and the IPs; and of the small grant, medium-size project, and enabling activity modalities. Besides the evaluation work of the GEF Trust Fund, evaluations of the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF) constitute part of the body of work that will contribute to this comprehensive evaluation of the GEF.

30. The individual evaluation reports and an overall comprehensive OPS7 report will inform the GEF-8 replenishment process. The OPS7 report will draw on the findings, conclusions, and recommendations of all the component evaluations conducted as part of the IEO GEF-7 work program, along with evidence from evaluations commissioned by the evaluation units of the GEF Agencies. Tables 1 and 2 demonstrate how the individual evaluations implemented as part of the work program will address the two main themes. Assuming a similar schedule as the GEF-7 replenishment cycle, the reports will be timed to support the GEF Council's eighth replenishment, with the OPS7 report submitted to the December 2021 meeting.

B. Strategy and Institutional Issues: Relevance and Global Contribution of the GEF

31. Themes related to strategy and institutional issues that will be addressed in OPS7 include the following:

a. Relevance of the GEF (to global environmental challenges, countries, conventions)

b. Results and lessons from implementation of the GEF 2020 Strategy

c. Design and implementation of the GEF-7 programming strategy

d. Implementation of GEF policies including gender; safeguards; and engagement with stakeholders, civil society, the private sector, and indigenous peoples

e. Institutional processes including results-based management and knowledge management

f. The GEF Country Support Programme

g. The GEF's flexibility to adapt and respond to crises

32. Table 1 details in a matrix format the key questions related to these themes, identifies the evaluation and other sources of information, and clarifies the scope of the studies.

Table 1: Strategy and Institutional Issues: Relevance and Global Contribution of the GEF

Key issue	Evaluation question	Sources of evidence	Scope and evaluation processes
Relevance of the GEF Looking ahead to a future GEF: how is the GEF positioned to strengthen the environmental agenda and enhance socioeconomic benefits in a post-COVID-19 world?	To what extent is the GEF relevant globally and how could its global relevance be enhanced? What Is the comparative advantage of the GEF in the changing landscape? How relevant is the GEF to the guidance of the conventions, as emerging from evaluations in the period 2018–21? Do the IAPs and IPs align with the focal areas and the objectives of the conventions?	Environmental/scientific literature Patterns of government spending Interviews with governments and international development agencies, conventions, and research institutions Focal area studies, terminal evaluations, evaluations of enabling activities and the Country Support Programme Independent evaluations of other organizations involved in global environmental financing	Relevance and coherence will be assessed in terms of both alignment with the global context (including the Sustainable Development Goals) and external environmental funding, and alignment with the conventions. Issues related to relevance will also be synthesized from focal area studies, the enabling activities evaluation, project-level evaluations, and the IAP/IP evaluations.

GEF 2020 Strategy	What are the results and lessons learned from implementation of the GEF 2020 Strategy, particularly with respect to the objectives of addressing the drivers of environmental degradation, greater integration through a systemic approach, scaling-up, and delivering impacts with efficiency?	GEF 2020 Strategy, OPS6, SCCEs Scaling-up study, IAP and IP evaluations Value-for-money analysis of sustainable forest management, biodiversity, and land degradation interventions Ability of the GEF to be flexible and adapt to crises	The GEF 2020 Strategy will be assessed against the objectives of addressing the drivers of environmental degradation through integration, impacts, scaling-up, and efficiency. Additionality and innovation of the IAPs and IPs will also be assessed, along with lessons learned from previous crises on the GEF's ability to respond to crisis situations.
GEF-7 programming strategy	To what extent is the GEF-7 programming strategy on track to achieving its objectives? What does the early evidence suggest on the IPs? To what extent are GEF programs systemic in driving sustainable practices? Are the concepts behind the IAPs and IPs the right ones to achieve integration, or should others be explored further going forward? What were the best "vectors" toward integration, and should others be explored?	GEF-7 Programming Directions Special studies on focal areas SCCEs Review of the GEF results-based management architecture and its core indicators Evaluation of the Country Support Programme IP formative evaluation and IAP midterm evaluation	Progress on the GEF-7 programming strategy will be assessed through a formative and quality-at-entry analysis of the design elements of Chief Executive Officer–endorsed projects. Governance issues and the appropriateness of the business model will also be addressed.

	Does the GEF business model support the strategy and its implementation?		
GEF policies on safeguards; gender; and engagement with stakeholders, indigenous peoples, the private sector, and civil society	To what extent have the policies been implemented and mainstreamed into GEF projects since their respective development? How has engagement with civil society, indigenous peoples, and the private sector been reflected in GEF projects; and what are findings and lessons? Are there any unintended consequences?	GEF policy documents and IEO evaluations, including benchmarks of good practice in design of policies Evidence of inclusion of gender, civil society, the private sector, and indigenous peoples from IEO thematic and focal area evaluations and SCCEs Quality-at-entry assessment of projects for compliance with policies since Council approval	The IEO has conducted in-depth evaluations of the gender, safeguards, stakeholder engagement and indigenous peoples policies and of the GEF-CSO Network. This evaluation will build on completed evaluations and include evidence from recent projects to assess the extent to which the recommendations from the previous evaluations have been implemented in light of recent experience. The stakeholder engagement policy will be a first comprehensive assessment.

C. GEF Performance, Impact, and Sustainability

33. The evaluation of performance, impacts, and sustainability will consider the following key themes, with the primary objective of assessing the GEF's contributions to addressing drivers of global environmental degradation.

(a) Trends in performance: outcomes, sustainability, and progress toward impact; quality at entry, cofinancing

(b) The catalytic role of the GEF as characterized by projects that focus on innovation and scale-up

(c) Impacts and sustainability of GEF support to countries through the Strategic Country Cluster Evaluations (SCCEs) in small island developing states, African Sudan and Sahel-Guinea savanna biomes and the least developed countries; GEF outcomes in fragile and conflict situations; GEF impacts through small grants, medium-size projects, and enabling activities; and program evaluations of the LDCF and SCCF

(d) GEF engagement with the private sector with a special focus on the GEF's impacts on SMEs

(e) Performance, impact, and sustainability in focal areas: special themes on fisheries and freshwater in international waters, clean technology and sustainable transport, the Artisanal Gold Mining Program in chemicals and waste, sustainable forest management, and biodiversity mainstreaming

34. A major exercise was undertaken in both OPS5 and OPS6 to assemble, clean, and validate a database of GEF interventions through exchanges with the GEF Secretariat, the GEF Agencies, and the GEF Trustee. The OPS6 database will serve as a starting point for conducting the meta-analysis for OPS7. Updates will produce two lists of projects: (1) completed projects, and (2) projects ongoing after OPS6 closed. These databases will be used to conduct a meta-analysis of trends in GEF support in terms of modalities, focal areas, countries and regions, and performance (results and impact) for closed projects. Table 2 presents a matrix of issues to be considered in the meta-analysis. It includes key evaluation questions and the sources of evaluative evidence.

Table 2: GEF Performance, Impact, and Sustainability

Key issue	Evaluation question	Sources of evidence	Scope and evaluation processes
Performance (outcomes, longer-term sustainability of outcomes) Does the GEF encourage an appropriate level of risk taking?	What are the environmental (and socioeconomic outcomes) and sustainability ratings of completed GEF projects for which terminal evaluations are available (2018–21)? What are the trends in cofinancing, quality of implementation, monitoring and evaluation, and efficiency of the activity cycle?	Terminal evaluations of projects Project implementation reviews Project midterm reviews Project Management Information System GEF Portal SCCEs Impact evaluations of SMEs Annual performance reports LDCF/SCCF Annual Evaluation Report	Performance trends will be observed from portfolio analysis, focal area studies, and IAPs and IPs.

Innovation, transformational change, and scaling-up (catalytic role of the GEF)	What is the evidence on the GEF record for supporting innovation? What are some of the factors that have influenced innovation and scaling-up in the GEF? Does the GEF support risk taking to encourage innovation? What are the lessons from "productive failures"?	Innovation and scaling-up evaluations IEO framework on additionality Post completion and quality-at-entry analyses SCCEs Thematic and focal area evaluations Evaluations of GEF support to SMEs	The innovation evaluation will develop a framework for innovation that will be applied to determine the GEF's contribution to supporting innovation through projects and programs. The scaling-up study also develops a framework assessing factors that influence scale-up and demonstrates the importance of these factors through case studies.
GEF performance and impact	What are the impacts of GEF support in countries? How sustainable are GEF interventions over the long term? Do GEF projects adequately plan for the context in operating in fragile and conflict situations?	The SCCEs in LDCs, African biomes, and small island developing states Evaluation of the GEF in fragile and conflict-affected situations Evaluation of enabling activities, small grants, and medium-size projects Focal area studies Terminal evaluations Post-completion evaluations	This theme cuts across all the thematic evaluations that focus on impacts, additionality, and sustainability. Cross-cutting themes of gender, safeguards, and engagement with civil society and indigenous peoples will also be addressed.

Focal area results (special themes)	What are the impacts, additionality, and sustainability of GEF interventions in specific thematic areas? Do the IAPs and IPs align with the focal areas and the objectives of the conventions? Do the focal areas align meaningfully with the objective of supporting integrated solutions?	Focal area special theme evaluations Evaluations of IAPs and IPs	Special topics include evaluation of the fisheries and freshwater portfolio, the Planet Gold Program, sustainable forest management, biodiversity mainstreaming, sustainable transport, and the Cleantech Programme.
GEF engagement with the private sector	How has the GEF supported the large proportion of SMEs in the private sector in client countries? How is the GEF effectively leveraging the private sector through the IAPs and IPs?	Impact evaluation of GEF support to SMEs in the artisanal gold mining, energy efficiency, and renewable energy sectors Evaluation of the Cleantech Programme Evaluation of private sector participation in IAPs and IPs and supply chains	A comprehensive review of the GEF's engagement with the private sector was completed in OPS6; this study will focus on GEF support to SMEs and GEF engagement through the IAPs and IPs.

D. Methodological Notes

31. OPS7 will draw on the findings and conclusions of the evaluations conducted over the 2018–21 period and is methodologically designed to provide strategic lessons and recommendations to the GEF. It will also indicate the different contexts to which the lessons and recommendations apply, noting what works within each context. There is some variation in the methods used for the cohort of evaluations and studies that feed into the comprehensive evaluation, depending on the objectives of the individual evaluation. These methods are detailed in the respective approach papers/concept notes; these are available on the IEO website. Regardless of their individual variation, the specific methods used to design the evaluations, collect data, conduct analysis, and validate findings follow international good practice standards. Most use a mixed-methods approach. These methods include review of the relevant scientific and evaluation literature, development of a theory of change, document reviews, portfolio analysis, structured and semi-structured interviews, surveys, the use of geographic information system (GIS) and remote sensing methods, rapid impact evaluations, stakeholder consultation, country case studies and related field verification, statistical analysis, qualitative analysis, and triangulation of quantitative and qualitative findings. The IEO is also drawing on the rich existing evidence base of previously conducted country visits. The approach papers/concept notes clearly reflect the limitations of each study.

32. The IEO has developed methodologies for post-completion verification and quality-at-entry analysis of projects. These technical approaches will be applied consistently in the various thematic evaluations for GEF and LDCF/SCCF projects. This will facilitate comparisons and aggregated reporting on several parameters. Post-completion verification will be conducted on projects to evaluate outcomes and sustainability approximately three years after project closure. The quality-at-entry analysis will be applied to projects that have been endorsed by the Chief Executive Officer. Under the current circumstances and travel restrictions, several of our ongoing evaluations will be affected as IEO staff will not be able to complete some post-verification assessments or case studies. To mitigate this, the IEO is drawing on online data-gathering efforts and will be working with local consultants for field work, while providing detailed guidance and the frameworks for conducting analyses. The IEO is also applying more geospatial analysis to measure environmental outcomes. Approach papers and concept notes for all the component evaluations have been completed and review meetings conducted.

33. The full portfolio of GEF projects and activities will be analyzed. The process of identifying impact pathways and specifying impact drivers and assumptions for modeling progress toward impact—the outcome-to-impact pathway applied in earlier OPSs—will be used. This method, beyond providing ratings based on a project's context, identifies the specific areas of GEF contribution toward achievement of impacts or of intermediate states. Evidence on progress toward impact will be gathered from completed projects between January 2018 and January 2021. GEF-supported interventions are implemented by partner Agencies; as such, impacts in the GEF are often determined through analysis of what GEF-supported interventions have contributed to, without distinguishing the results of activities supported by GEF funding alone from the activities of cofinancers. Credible claims of contribution will be made if (1) the intervention is logically and feasibly designed to directly or indirectly result in the desired benefits as outlined in the theory of change; (2) the intervention is implemented as designed; (3) the immediate results occur as expected in the causal chain; and (4) other rival explanations for the results have either been considered and rejected, or their relative role in making a difference to an observed result has been adequately

recognized. Whenever possible, the analysis will attempt to determine the added value of the GEF's contributions in light of the roles played by other actors at different times and locations.

34. The GEF theory of change is presented in annex B. While this does not constitute the theory of change for OPS7, it does provide the general framework for GEF interventions and links to the broader outcomes that are assessed in the individual evaluations. OPS7 will also reflect on the appropriateness of this theory of change based on the GEF shift toward integrated programming. For example, given the major focus in the GEF 2020 Strategy on "influencing," OPS7 will analyze which organizations and actors within the institutional capacity component of the theory of change play a role in influencing.

35. In the current circumstances, several evaluations will be affected by data limitations. For example, terminal evaluations and midterm reviews for several projects will be delayed or not available. We also recognize that limited evidence will be available on the implementation of recently enacted GEF policies. The individual evaluations will clearly reflect these limitations and will make every effort to gather inputs remotely, to the extent feasible. Field studies for the ongoing evaluations will be limited, and we may have to select cases strategically. Fortunately, several evaluations in the GEF-7 program are already completed and offer substantial evidence that will inform OPS7. OPS7 will clearly highlight the data limitations where they exist, as well as ensure that findings appropriately reflect the context and limitations of the findings.

IV. Organizational Issues

A. Stakeholder Consultations

36. The OPS7 report will be prepared between July 2020 and December 2021, with component evaluations submitted to the GEF Council throughout the GEF-7 period. OPS7 will be an in-depth evaluation using a consultative approach characterized by regular stakeholder consultation and involvement throughout the evaluation process. This will involve consultation and outreach during the preparation of this approach paper through reference groups, during the conduct of the evaluation, and in dissemination and outreach to key stakeholders. Sub-regional meetings of GEF focal points and Expanded Constituency Workshops are an important means through which the IEO will interact with key stakeholders; these offer a tremendous learning opportunity for the IEO to obtain valuable insights from country stakeholders on issues of high relevance to them. Further, these meetings provide an opportunity for the IEO to gather feedback from countries on a variety of issues related to GEF projects and processes. The current pandemic has limited our ability to engage in consultations at Expanded Constituency Workshops or through other stakeholder workshops. We are thankful to the broad group of stakeholders who have provided feedback to the draft approach paper. We will continue to engage remotely with various groups throughout the development of the OPS7 report to ensure its relevance and use.

B. Quality Assurance and Enhancement

37. Five external quality assurance advisers from the developed and emerging economies have been appointed. The external review panel consists of the following experts: Hans Bruyninckx, Paula

Caballero, Osvaldo Feinstein, Vinod Thomas, and Monika Weber-Fahr. These individuals are recognized international development professionals in the fields of the environment, development, and evaluation and will provide quality assurance through all stages of OPS7 preparation. They will provide guidance throughout the evaluation process, including conceptualization of the evaluation, interpretation of the findings, and framing of the recommendations. Hans Bruyninckx and Osvaldo Feinstein were members of the OPS6 panel and as such will provide continuity. We have already benefited from the panel's feedback in the development of the approach paper. Another key component of the quality assurance process is review of the individual evaluations and studies. Peer reviewers and reference groups continue to provide quality feedback and inputs for the individual evaluations. At this stage, every component evaluation is currently under way, and quality review meetings with internal and external reviewers have been held for all evaluations.

C. Deliverables

38. We are currently planning the delivery of OPS7 based on the timelines of the previous replenishment. The component evaluations will be presented at the Council meetings during the June 2020–June 2021 period. The OPS7 report will provide clear insights into the strategy and institutional issues and the performance and impacts of the GEF based on evaluations conducted by the GEF IEO and the GEF Agency evaluation units. OPS7 will also provide a summary of the main conclusions and strategic recommendations for consideration by the replenishment group.

39. The individual evaluations will be shared with the GEF Secretariat and the Agencies for comment and discussion of recommendations. They will be published as evaluation reports and uploaded to the IEO website as they are endorsed by the Council. Early summaries of the individual component evaluations will be made available for the March 2021 replenishment meeting and will be shared with the GEF Secretariat and the Agencies in February 2021. The draft comprehensive report will be shared with the GEF Secretariat, the GEF Agencies, country stakeholders, and civil society in September 2021 for comment and will inform the GEF-8 replenishment meeting in October 2021; the final report will be delivered to the Council in December 2021. Besides the GEF Council and replenishment participants, the OPS7 report and component evaluations will be distributed widely to GEF partners, stakeholders, and civil society, and will be uploaded to the IEO website.

D. Schedule and Budget

40. Assuming a similar timeline as the seventh replenishment, all evaluation reports and the draft OPS7 report will be completed and made available by October 2021. The final draft report will be available in December 2021 for Council approval and presented in final form for the replenishment proceedings in March 2022. Below is the tentative schedule for the comprehensive evaluation. Several component evaluations have already been completed in FY19 and FY20 and have been presented to the Council.

Task	Year	
	2020	2021
OPS7 approach paper	June	
Summaries of all component evaluations		March
Completion of all component evaluations (with time for comment and discussion of recommendations)		July 20-July 21
Delivery of draft OPS7 report		October
Delivery of final OPS7 report		December

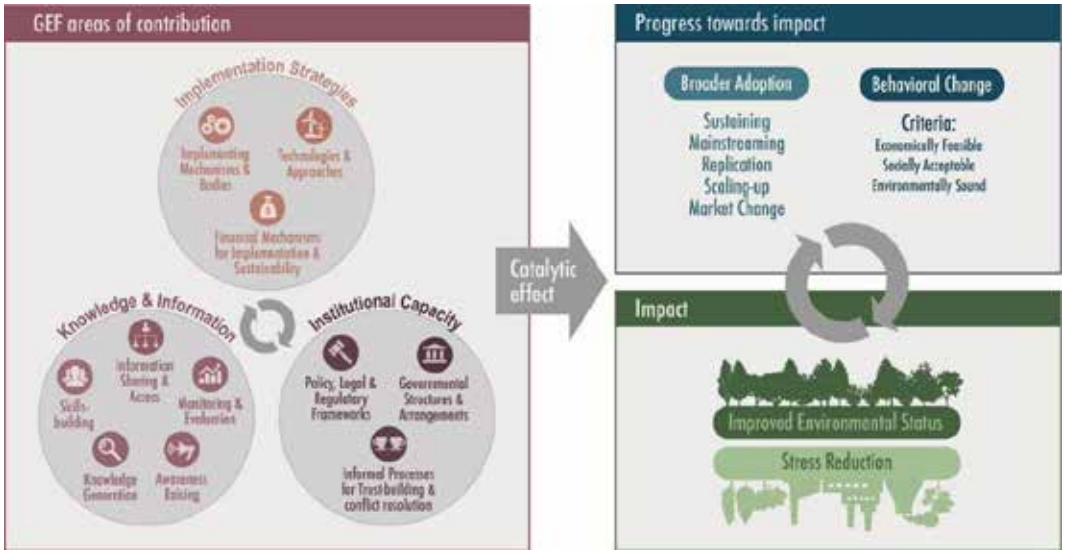
41. The Council approved the four-year budget and work plan for the IEO during the GEF-7 replenishment. OPS7 will be adequately resourced through this approved budget.

Annex A: Approved IEO Evaluation Program FY19–22 (Status)

FY19	FY20	FY21	FY22
Evaluation of GEF Support to Mainstreaming Biodiversity (completed)	Strategic Country Cluster Evaluation: Africa Sudano-Sahelian Biomes (completed)	The Gold Program (concept note completed; evaluation ongoing)	Seventh Comprehensive Evaluation of the GEF (OPS7)
Evaluation of the GEF-UNIDO Cleantech Innovation Programme (completed)		Evaluation of the Implementation of the GEF's Policies on Gender, Safeguards, and Stakeholder Engagement (approach paper completed)	
Value for Money in Sustainable Forest Management Interventions (completed)	Strategic Country Cluster Evaluation: LDCs (ongoing)	Evaluation of the GEF's Impact on Small and Medium Enterprises in Gold and Renewable Energy (concept note completed)	
Evaluation of GEF Support to Scaling Up Impact (completed)	Strategic Country Cluster Evaluation: SIDS (completed)	Evaluation of the GEF Country Support Programme	
		Review of GEF Agency Self-Evaluation Systems (approach paper completed)	
		Sustainable Forest Management (concept note completed)	
		Evaluation of the GEF Small Grants Programme (approach paper completed)	

		Follow-up studies on the evaluations of results-based management and knowledge management (concept notes completed) Evaluation of the IAPs/IPs (concept note completed)	
Annual Performance Report (APR) 2019: focus on sustainable transport (completed)	APR 2020 (ongoing)	APR 2021	
LDCF/SCCF Annual Evaluation Report (LDCF/SCCF AER)	LDCF/SCCF AER (ongoing) LDCF program evaluation	LDCF/SCCF AER SCCF program evaluation	LDCF/SCCF AER
Understanding Additionality in the GEF (completed)	GEF in Fragile and Post-Conflict Environments (ongoing)	Review of Medium-Size Projects (approach paper completed)	
Evaluation Policy (completed)	OPS7 Approach Paper (panel selected)	Review of GEF Enabling Activities	
		Innovation in the GEF (concept note completed)	
		Special studies in fisheries and freshwater, health co-benefits of the chemicals portfolio (all concept notes completed)	

Annex B: The GEF Theory of Change



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ANNEX C

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The Office undertakes independent evaluations that involve a set of projects and programs implemented by more than one GEF Agency. These evaluations are typically at the strategic level, on focal areas, or on cross-cutting themes. We also undertake institutional evaluations, such as assessing the GEF resource allocation mechanism or GEF governance.

Within the GEF, the Office facilitates cooperation on evaluation issues with professional evaluation networks; this includes adopting evaluation guidelines and processes consistent with international good practices. We also collaborate with the broader global environmental community to ensure that we stay on the cutting edge of emerging and innovative methodologies.

To date, the Office has produced over 100 evaluation reports; explore these on our website: https://www.gefieo.org/evaluations/search.

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