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GEF COUNTRY PORTFOLIO EVALUATION: SOUTH AFRICA (1994-2007)

The following document contains two sections:

- 1) Key conclusions and recommendations from the Country Portfolio Evaluation conducted by the GEF Evaluation Office, including a small introduction describing the GEF support to South Africa and the methodology. This summary is Chapter 1 of the full report of the Country Evaluation which is available in the GEF Evaluation Office web site.
- 2) Response of the government of South Africa to the evaluation

COUNTRY PORTFOLIO EVALUATION – SOUTH AFRICA (1994 – 2007)
(prepared by GEF Evaluation Office)

BACKGROUND

1. This document presents the main conclusions and recommendations of the Country Portfolio Evaluation conducted by the GEF Evaluation Office in South Africa. It is presented to the GEF Council, as a Council information document, for discussion at the Council's April 2008 meeting. A full detailed report is available in the GEF Evaluation Office web site (www.gefeo.org).

2. South Africa's participation in the GEF started after the GEF pilot phase, when South Africa submitted its instrument of participation in 1994 and once its international isolation had been broken. Since then, South Africa has been an active participant in the GEF, not only through 26 national projects (about \$81.27 million), but also as a leader in the GEF Council and supporting the third GEF Assembly in August 2006. As the table below indicates, about 65% of the GEF funding has gone to support projects in the biodiversity focal area, 30% to climate change and the rest to POPs and the SGP. There are no national land degradation and international waters projects, although there are regional and global projects in which South Africa participates. In fact, South Africa has participated in 22 regional and 7 global projects that support objectives across all focal areas.

	\$ millions	% of total
Biodiversity	52.80	65
MFA	1.20	1
International Waters	0	0
Climate Change	24.85	31
Land Degradation	0	0
POPs	0.50	1
SGP	1.92	2
Total	81.27	

3. Based on the overall purpose of the GEF Country Portfolio Evaluations and their Terms of Reference, the evaluation of the GEF support to South Africa has the following specific objectives:

- a. Independently evaluate the **relevance** and **efficiency** of the GEF support in a country from several points of view: national environmental frameworks and decision-making processes; the GEF mandate and the achievement of global environmental benefits; and GEF policies and procedures;
- b. Assess the **effectiveness** and **results** of completed and on-going projects in each relevant focal area; and
- c. Provide **feedback** and **knowledge** sharing to (1) the GEF Council in its decision making process to allocate resources and to develop policies and strategies; (2) the Country on its participation in the GEF; and (3) the different agencies and organizations involved in the preparation and implementation of GEF support.

4. Among several considerations, South Africa was selected for this year's CPE because of the country's historically large and diverse portfolio that includes 11 completed projects with potentially important results and a government developed medium term priority framework for the GEF support. SA will also receive a large allocation in the RAF based on its important global biodiversity and dependency on fossil fuels.

METHODOLOGY

5. The South Africa CPE was conducted between October 2007 and March 2008 by staff of GEF Evaluation Office and two consultants based in South Africa: the **evaluation team**.¹ The methodology included a series of components using a combination of qualitative and quantitative methods and tools. Several sources of information were considered as the basis for the evaluation from different levels (project, government, civil society, GEF Agencies, etc.). The quality of these documents was reviewed before they were included. The quantitative analysis used indicators to assess the efficiency of GEF support using projects as the unit of analysis (that is, time and cost of preparing and implementing projects, etc.). The evaluation team used standardized tools and protocols for the CPEs and adapted these to the South Africa context. Projects were selected for visits based on whether they have been completed and their geographic clustering (making a visit to a number of projects in a particular geographic area within limited time frames a possibility).

6. The main focus of the evaluation is projects implemented within the boundaries of South Africa, "**national projects**," the national components of selected regional and global international waters programs, the national components of the Small Grants Programme (SGP) and Critical Ecosystem Partnership Fund (CEPF), treated as single projects with subcomponents. The GEF has provided about \$81.27 million for 26 national projects, including the SGP, from 1994 to February 2008. In addition, four **regional** and one **global project** in which South Africa participates were reviewed, selected because they are part of the international waters program and are completed or are near completion.² South Africa has participated in about 22 regional projects and 7 global. A full assessment of their aggregate relevance, results and efficiency was beyond the scope of this CPE. Proposals under preparation, for example in pipelines, are not explicitly part of the evaluation, although those that have received GEF CEO approval (and for which GEF has made a financial commitment within the RAF), are listed and discussed, as appropriate. These include support to a global biodiversity project, one Project Preparation Grant (PPG) and one Project Development Facility A (PDFA).

7. The GEF portfolio assessed in this evaluation is, therefore, the aggregate of the national projects plus the five selected international waters regional/global projects.

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² Although the land degradation focal area has a similar situation (no national projects have been approved) regional land degradation projects were not included because of their early stage of implementation.

8. There were several limitations while conducting the evaluation:
- Country portfolio evaluations are challenging as the GEF does not operate through establishing country programs that specify expected achievement through programmatic objectives, indicators and targets. South Africa did, however, develop a broad framework to guide the GEF portfolio between 2001 and 2003, which was used as one element. In addition, each focal area had some frameworks at the national level, in particularly in biodiversity.
 - There is a certain level of evaluation fatigue in South Africa, there are several evaluations going on simultaneously to this CPE.
 - Attribution is another area of complexity. The CPE does not attempt to provide a direct attribution of development and even environmental results to the GEF, but assesses the contribution of the GEF support to the overall achievements.
 - The assessment of results is focused, where possible, at the level of outcomes and impact rather than outputs.
 - Evaluating the impacts of GEF funded initiatives is not straightforward. Many projects do not clearly or appropriately specify the expected impact, and sometimes even the outcomes, of projects. As this evaluation was restricted to secondary sources, there was no scope in the evaluation to conduct primary research to supplement project reports or identify impact and outcomes.
 - Results reported come from various sources, some have been established through external evaluation and others are drawn from internal project reports and interviews.
 - The evaluation team has struggled to establish a clear reliable set of data on projects and project documentation. The available data, including the list of projects in the GEF portfolio, contained inconsistencies, gaps and discrepancies.
 - The evaluation was conducted in a very tight time frame in order to be ready for the GEF Council meeting and over a period that included the summer break and annual strategy and budget review processes in South Africa as well as other commitments that have impacted on the availability of many key stakeholders.

CONCLUSIONS

Results and Effectiveness

Conclusion 1. The GEF support to biodiversity in South Africa has resulted in significant impacts.

9. The GEF investment in the biodiversity focal area has resulted in significant global benefits through increasing the formal protection of two globally important ecosystems and recognized biodiversity “hotspots”, the Cape Floristic Region and the Succulent Karoo. It has also contributed to strengthening biodiversity conservation systems and management in South Africa.

10. The National Biodiversity Strategy and Action Plan (NBSAP), which was the product of an enabling activity of the GEF portfolio, provided a nationally-owned and strategic basis for the subsequent GEF investment in biodiversity. As a result, the GEF support has focused on identified priorities for improving the coverage (size and representivity) of South African's terrestrial and marine protected area network; and piloting approaches to biodiversity mainstreaming in productive landscapes and sectors, valuing and payment for ecosystem services and sustainable use. It is the latter two, however, which require further systematic focus in terms of ensuring biodiversity conservation initiatives are strategically targeted to optimize and demonstrate impact on improved sustainability of ecological services and sustainable development.

11. There have been significant catalytic effects on biodiversity conservation policy, strategy and management practice. Replication effects are evident within and beyond the portfolio where project design and good practice have been developed and replicated. Key areas include the development of bioregional approaches, systematic conservation planning, protected area planning and management systems and biodiversity mainstreaming. These influences are evident in the National Environmental Management: Biodiversity and Protected Areas Acts.

12. The success of the biodiversity support was founded mostly on existing highly developed capacity within South Africa, notably the South African National Parks (SANParks) and the South African Biodiversity Institute (SANBI) as agents for the Department of Environmental Affairs and Tourism (DEAT) and the expertise and support provided through the GEF Agencies, particularly the UNDP and the World Bank.

Conclusion 2. GEF support to the marine International Waters projects has resulted in strengthening South Africa's commitments to global and regional co-operation to reduce over-exploitation of fish stocks and land and sea-based pollution in the region.

13. The GEF support has resulted in South Africa's involvement in agreements for coordinated regional and international management of marine resources and has provided a robust scientific platform and cooperative networks for coherent regional response and action. As a result of the International Waters projects, South Africa is now a signatory to the International Maritime Organization Convention on Ballast Water, which it helped shape. In addition, South Africa has made significant progress towards establishing capacity to formally regulate International Maritime Organization requirements and to support the region's efforts to do the same. The Benguela Current Commission and the Strategic Action Plan provide a platform for co-operative management of a highly productive and economically significant large marine ecosystem (LME).

14. Key replication effects in design and approaches are evident in other LME initiatives such as the Agulhas-Somali Current LME. The Benguela Current LME (BCLME) has catalyzed the harmonization of policy and management across the region, for example, enabling an ecosystems approach to fisheries management.

15. The IW interventions have significantly improved the scientific basis for regional prioritization of co-operative interventions in managing marine resources and land-based activities impacting on these resources.

16. As yet there are no direct and significant benefits for freshwater international water resources, although a number of regional biodiversity projects, e.g. Maloti-Drakensberg Transfrontier Project may contribute to such results. A regional project for the Orange-Senqu Basin has recently been initiated.

Conclusion 3. There have been limited direct impacts on GHG emissions from the Climate Change portfolio but some catalytic and replication effects are expected.

17. The Initial National Communication to the United Nations Framework Convention on Climate Change (UNFCCC) has been, and is, likely to be significant in shaping ongoing action, debate and future climate change policy, strategy and planning decisions. This was accomplished by providing baseline data, including a GHG Inventory and vulnerability assessments, and an analysis of options for mitigation and adaptation. The Initial National Communication has influenced South African's National Climate Change Response Strategy (2004), Energy Efficiency Strategy (2005) and White Paper on Renewable Energy (2003).

18. The climate change portfolio is probably one of the most complex and difficult in the South Africa context. The existing climate change strategy has not yet established concrete prioritized plans for South African's climate change response that could direct project selection. A concrete strategy is likely to be completed by the end of 2008.

19. All climate change projects up to the end of GEF3 were aimed at mitigation of GHG emissions through increasing the contribution of renewable energy with the exception of the Initial National Communication. A transport project has been endorsed for GEF4 and an Energy Efficiency (EE) project focusing on appliance labeling has been conceptualized³ but is not listed as a project endorsed for GEF4 on the GEF website.

20. Only one completed project has any data on actual reductions of CO₂ emissions and this is relatively small, 5.1 kilotons of CO₂ equivalent. The on-going projects have not yet estimated their reductions on CO₂, mainly because they are just beginning implementation.

21. Given South Africa's context and the renewable energy projects involved, the value of almost all the projects will not be in their direct impact on GHG emission reductions but in their catalytic and replication effects; the contribution they make through testing and demonstrating technology, removing market barriers and improving the enabling environment in terms of policy, regulatory, budgetary and strategy frameworks needed to support technology changes.

³ This project was initiated in 2004, was removed with other pipelined projects at the end of GEF3 and has not yet been registered on the official GEF web page for South Africa within the RAF allocated projects although it seems to be in the pipeline for the second part of the RAF (after July 2008).

22. The two completed renewable energy projects were effective pilots in the sense that they systematically tested viability and demonstrated that solar cookers and solar thermal energy were not likely to be viable for renewable energy in the South Africa context. The solar water heater project identified the cost and other conditions necessary for the viability of the industry.

23. The evidence of impact on renewable energy markets is mixed for those projects that have been completed or where implementation is well underway. Almost all projects reported that the ongoing lack of an enabling environment and continuing market barriers are likely to threaten the extent to which renewable energy is successful in mitigating GHG emissions. The situation has changed significantly, however, since the time of those reports. Recent developments linked to the energy shortage suggest there is a strong likelihood that a “renewable energy friendly” enabling environment will be established relatively soon, especially in relation to cost barriers that could improve the feasibility of renewable energy. However, the energy shortage also has the potential to divert attention and resources from exploring more long-term renewable options in the search for relatively quick measures to increase available power.

24. There is clear evidence of potential replication effects of GEF support in Climate Change related to the increasing market for solar water heaters based on the standards, codes of practice, training and other enabling conditions that were developed. The power utility, Eskom, is building on the GEF solar water heaters project in an extensive program to install 1 million of them and a relatively large city in the Eastern Cape Province plans to install solar water heaters in all houses. However, there is probably more work to be done on the model as the installation industry is reported to be reluctant to sign up for the Eskom program and skeptical about its feasibility.

25. There is no evidence of increasing the resilience of sectors and communities to adverse impacts of climate change. No adaptation projects are included in the climate change portfolio but there are likely to be some effects through the biodiversity projects and in the Small Grants Programme (SGP) projects. Support for adaptation from the GEF has only recently been available and is still limited.

26. There have been no direct results in increased energy efficiency.

Conclusion 4. Results in other focal areas are limited.
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27. *Multi-Focal Area:* Learning derived from the project designed to ‘green’ the World Summit on Sustainable Development is to be used in planning for the Soccer World Cup which South Africa is to host in 2010. The National Capacity Self-Assessment (NCSA) has not yet been completed. This framework could have provided a foundation for strategic decision making in regard to capacity building in the GEF portfolio and other relevant donor agreements as well as South Africa’s identification of the key enabling conditions necessary to ensure effectiveness and sustainability of results.

28. *SGP:* There is limited evidence of results from the 36 SGP projects because a lack of effective support from the local UNDP office as well as from the central management

team in New York. This led to breaks in management and implementation during which several projects were left without support. The potential of the SGP has not been fully realized, specifically to explore how best to build the links between environmental, social and economic dimensions of sustainable development.

29. *Persistent Organic Pollutants (POPs)*: The National Implementation Plan in regard to this focal area has been somewhat delayed but is now close to completion. This will now potentially provide a strategic and informed basis for analysis, prioritization, action and for identifying projects for GEF support in terms of the Stockholm Convention.

30. *Land Degradation*: There are no national projects approved in this focal area, although it was introduced to the GEF in 2002 with funding becoming available in 2004 (GEF3). There are somewhat differing views on why no projects have been approved once this window was opened in GEF3, and when about \$6m reportedly became available for South Africa. The TerrAfrica program for land degradation in Africa was established in GEF4 which included an allocation for South Africa but, according to the GEF Secretariat, South Africa did not prepare a project proposal in time. South Africa has, however, expressed skepticism about the TerrAfrica program, due to the inclusion of loans, and the limited support available for land degradation. It should be noted, however, that the South Africa component of regional projects, such as the Desert Margins project and others, are likely to have had an effect in land degradation.

31. *Ozone*: There are no results in the Ozone focal area. South Africa is not eligible for GEF funding in this area.

Conclusion 5. The long term sustainability of the global and local benefits achieved is uncertain.

32. Systemic and individual capacity was built and is relatively strong in biodiversity and international waters but there are gaps in the organizational capacity to sustain the gains embedded in key mandated institutions. Furthermore, the long term sustainability of the global and local biodiversity benefits achieved will largely depend on:

- the extent to which capacity for sustaining these gains is improved and embedded within the mandated biodiversity conservation, and other key agencies;
- the contribution biodiversity conservation makes, and is seen to make, to overall long-term sustainable development, including its proven direct and indirect social and economic benefits. Although the latter is not regarded as the core mandate of the GEF, in the context of South Africa, securing and sustaining global biodiversity benefits is directly tied to the eradication of poverty. While approaches have changed over the duration of the biodiversity portfolio, the improved definition and targeting of the social and economic development contribution of the GEF support would improve the effectiveness of the portfolio as a whole.

33. Individual capacity was developed through projects in the climate change focal area but limited institutional or systemic capacity was created despite this having been identified as a potentially decisive risk. While the GEF projects could not be expected to address all capacity gaps, this issue poses significant barriers to the sustainability of any results if not addressed. Capacity gaps identified are the skills of a range of role players, capacity of mandated departments, improved policy co-ordination and coherence, weak enabling regulatory and fiscal environment and other market barriers. However, there are currently changes in the offing in some areas, specifically in terms of tariff structures and the fiscal and regulatory environment.

34. The NCSA could have provided a systematic basis for identifying and prioritizing capacity gaps that could limit effectiveness or threaten sustainability of results and how and by whom they could be addressed.

35. The general sustainability of the results is further qualified by the overall decline in the State of the Environment in South Africa, as reported by DEAT's State of the Environment Report, and by the scope and complexity of the challenges to achieving sustainable development inherited from South Africa's apartheid past. The Draft Strategy for Sustainable Development notes that environmental gains are bound up with the progress of social and economic development in ways that pose specific dilemmas for South Africa and tie the sustaining of environmental benefits to the eradication of poverty.

Summary Conclusion. At a country level, the GEF support to South Africa has produced significant results and global benefits in the biodiversity and SA component of the international waters projects, potential catalytic effects in the climate change projects but limited results in the other focal areas.

36. As the GEF national portfolio is a set of projects, rather than a planned program, it is difficult to make judgments on the impact of the GEF portfolio as a whole as there is no portfolio-level set of expected results against which to assess it. The marked concentration of the national portfolio in the biodiversity FA does not appear to have been the result of planned programming.

37. A factor limiting the results that can be reported is that relatively few projects have been completed. Only 20% of GEF support has gone to projects that have been completed and the overwhelming majority of these are in the biodiversity focal area which is, therefore, able to show more impact. A number of projects in the climate change focal area, the next most significant in the portfolio, have been seriously delayed in implementation.

38. The results of the enabling activities across the portfolio mirror this pattern with strong levels of effective achievement in the biodiversity focal area, resulting in strategy and concrete frameworks for prioritization and planning. Although significant results were achieved in the Initial Communication in the climate change focal area, as outlined above, this did not culminate in a concrete strategy and plan. The two other enabling activities (the NIP for the POPs and the NCSA) have not yet been completed.

39. Individual and systemic capacity development has been relatively strong in most on-going or completed projects but institutional capacity building has been less effective. Gaps in capacity and in terms of an adequately enabling environment in key areas render the sustainability of results uncertain.

Relevance

Conclusion 6: The GEF support has addressed national priorities, particularly in the biodiversity and South African component of international waters projects but less clearly for climate change.

Biodiversity

40. The biodiversity interventions have been directly relevant to South Africa's agenda, however, the socio economic relevance and benefits, sustainable use and integration with other relevant mandates (sustainable land management and water resource management) remain key challenges for the portfolio and for the implementation of the NBSAP. South Africa's priorities lie in sustainable and integrated natural resource management that factors in the need for social and economic development, complements it and builds towards sustainable development.

Climate change

41. South Africa's climate change strategy and action plan is still evolving and, although a broad response strategy had been developed, South Africa does not yet have a concrete strategy and action plan in the area of climate change to guide GEF support. The Initial National Communication to UNFCCC was extremely relevant in this context and provided the first reliable baseline data, including a GHG inventory and vulnerability assessments, and systematic analysis of the potential and risks of various options. However, the exclusive focus of projects up to the end of GEF3 on mitigation rather than adaptation measures and on renewable energy rather than energy efficiency is not clearly aligned to the analysis of the needs, challenges and options in the Department of Minerals and Energy's 1998 Energy Policy Paper or the subsequent Initial National Communication, Climate Change Response Strategy, Energy Efficiency Strategy or Renewable Energy White Paper where adaptation needs are highlighted for urgent action as are energy efficiency.

42. The exclusion of off-grid energy generation from support in the GEF4 framework is out of alignment with recent developments in the South Africa context with an increase in interest in solar as an alternative energy source as outlined above. The focus and design of the renewable energy projects is somewhat uneven in terms of the prioritization of sources with the strongest potential and commercial feasibility and in terms of the design of projects in ways that would generate reliable information on the economic and technical feasibility.

43. In the absence of a concrete national climate change plan, none of the project designs are able to adequately take into account the central challenge that South Africa will not be able to effectively tackle poverty without an inevitable increase in energy

generation and increased access to economic benefits. There is not a clear alignment between maximizing global benefits and national needs and priorities.

International waters

44. The GEF support has made a relevant contribution to addressing South Africa's most significant challenges in the marine environment - fisheries impacts and management, pollution (land-based and offshore), mining (coastal and off shore), impacts of coastal developments and climate change. Further, the investment has enabled South Africa to strengthen partnerships with its neighbors post democracy in transboundary marine resource management, specifically in the arena of marine research.

Conclusion 7: The GEF portfolio at a country level is relevant to South Africa's draft sustainable development framework and the South Africa GEF Medium Term Priority Framework in the broadest sense, but the balance of support to different focal areas raises questions.

45. There is no clear basis for determining the relevance of GEF support to South Africa's sustainable development agenda, needs and priorities at the country level. For the period under review, South Africa did not have an agreed sustainable development strategy or a concrete program guiding its interaction with the GEF. Although there was a South Africa/GEF Medium Term Priority Framework (2001-2003), it did not prioritize between focal areas or within focal areas but outlined a broad set of priority issues in each of them. Once the GEF framework was established, it was used to test whether projects were aligned to the broad set of priorities identified for all focal areas but the composition of the overall portfolio does not appear to have been the result of deliberate strategy.

46. Furthermore, there are gaps in the composition of the portfolio both within focal areas and across the portfolio as a whole, as outlined in the conclusions on results above (Conclusions 3 & 4), which appear to result partly from the structure of the GEF framework itself and partly from the lack of a proactive promotion of projects in these areas from South Africa. The significant concentration of projects in the biodiversity does not appear to be based on a clear decision to concentrate on this focal area in terms of the portfolio as a whole and the accessing of GEF support. However, it does reflect the GEF global strategy, in which the biodiversity focal area is usually about 40% of total allocations.

47. In terms of South Africa's sustainable development agenda, a number of the project documents mentioned the need to create jobs or contribute to livelihoods. This but often noted as an added bonus, rather than in recognition of the absolute interdependence in South Africa of a specific set of social, economic and environmental factors, although this has improved in the design of the recent biodiversity projects. There appears to be insufficient attention given in the contextual analyses and design of most of the projects to the imperatives for social and economic development. Designs do not adequately recognize the fact that environmental sustainability is closely tied to the success with which South Africa addresses poverty and inequality on the one hand and

over-consumption on the other and that the zero growth scenario relevant in the developed countries is not relevant in South Africa.

48. There has been limited focus on improving efficiency of resource use yet this is clearly necessary if South Africa is to achieve the social and economic development objectives necessary without pursuing the current unsustainable resource and waste intensive path although this is changing in the more recent projects.

49. One of the most important areas of potential impact of the portfolio is probably less in actual delivery of measurable results in GHG emissions reduced or hectares of biodiversity secured than in supporting and assisting South Africa to address the challenges of sustainable development through projects that have the potential for significantly strengthening institutional or systemic capacity, for replication, catalyzing further action and change or developing, sharing or transferring important technical experience and knowledge. The current portfolio and project design suggests that this could be more relevantly designed in terms of South Africa's needs and context.

50. The SGP, with its significant potential for identifying opportunities for catalytic and replication effects in terms of promoting sustainable livelihoods and generating environmental benefits, up to the global level, has had serious implementation problems related to inadequate support and unfilled management vacancies, and has received limited resource allocation and completed few projects.

<p>Conclusion 8: Country ownership of the GEF portfolio varies from focal area to focal area but overall ownership of the portfolio needs to be strengthened.</p>
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51. Country ownership is understood in a variety of ways:

- Who developed projects and were they 'signed off' by the relevant person. The evaluation concludes that the vast majority of projects were developed by South Africans.
- The national executing agency has the required capacity to manage the project. This was initially weak, has improved but still is somewhat uneven.
- The agency with the public mandate is committed to sustaining it: This has been uneven.
- The project is embedded within medium term plans and budgets relevant to the relevant focal areas and convention and commitment to ensure required capacity and enabling environment will be established. This is necessary for sustainability and has been achieved to a large extent in biodiversity.

52. The significant amount of co-financing provided by the South African government, is higher than average in the GEF, which is an indication of country ownership, and will have involved the additional contribution of significant amounts of time, attention and other resources. This significant co-financing, together with the other resources coming from South Africa to support the GEF, makes it all the more important to ensure that the GEF portfolio is driven by a country strategy that aligns the

requirements of the conventions and South Africa's needs and priorities into a clear and concrete program.

53. The absence, except in the biodiversity focal area, of clear, concrete strategies and plans, ideally nested within an integrated and concrete strategy for sustainable development, and outlining how South Africa will respond to the conventions is an obstacle to effective country ownership. Country ownership is strongest in the biodiversity focal area where the national plans and GEF portfolio are closely aligned and national mandated agencies have executed most projects so that synergies and relevance can be entrenched as far as possible.

Conclusion 9. The GEF support to South Africa is relevant to the GEF mandate, principles and the objectives in each focal area but this varies according to focal area.

54. The GEF support has been targeted at the areas of greatest potential global benefit in biodiversity and the South African component of the international waters focal area which follows the GEF mandate in these two focal areas.

55. Gaps and weak areas in the portfolio may represent missed opportunities to achieve benefits, such as land degradation, the SGP and POPs. In terms of POPs, it will only be possible to identify how significant the problem in South Africa is once the NIP, and the inventory it entails, has been completed. The small allocation and fixed programmatic approach to land degradation, in particular through TerrAfrica, are regarded by many of the DEAT officials interviewed as a barrier to maximizing global benefits linked to action to halt desertification and land degradation.

56. The allocation of the resources within the climate change focal area has probably meant that potential global benefits have not been maximized. While the wind, solar and transport projects are clearly relevant, the targeting and design of a few projects has not been optimal and there are gaps in the portfolio such as energy efficiency where benefits in GHG emission reduction could have been relatively cost-effectively achieved (although the Standards and Labeling Project will improve this if it is approved). A significant proportion of funding from GEF is in the area of solar energy, assessed in these projects to be the strongest renewable option in South Africa, which, as off-grid, is no longer relevant to the strategic programs of GEF 4.

Efficiency

Conclusion 10: The GEF is seen as overly complicated & inefficient in ways which impact negatively on the extent to which the portfolio is country-driven.

57. The South Africa CPE confirms the findings of previous evaluations conducted by the Office. Stakeholders consider the GEF processes and procedures overly complicated and inefficient. A key frustration expressed by project proponents and implementers is that they often have to comply with the provisions of three separate

entities (i.e. the national agency, GEF agency and the GEF's own), resulting in significant transaction costs but adding limited value to the process and results.

58. Long time delays in project process often erode energy and interest mobilized during project design. This energy and interest are often harder to regenerate later and negatively impact on the extent to which the eventual project is country driven or driven by contracted consultants. The average time taken between GEF pipeline entry and start-up is 3.7 and 1.8 years for full-size and medium-size projects respectively. This is longer than in Costa Rica and the Philippines. All but two medium-size projects required extensions of about 2 years (extending the project to more than 3 years) which may indicate that projects set unrealistic end dates. This may in turn have a negative impact on the extent to which they are institutionalized, potentially limiting sustainability.

59. While the national executing agencies are drivers of the projects, it is the GEF Agencies who ultimately translate them into 'gefable' proposals. In the process, country ownership and needs may be modified in translation. This is largely inevitable unless the GEF systems are changed to integrate clearer, more stable and transparent requirements which are standardized across GEF Agencies and unless wider local capacity is built to do effective project design.

60. Another important issue regarding efficiency is that, generally, the roles of the GEF Agencies and the national focal points (GEF political and operational as well as focal points from conventions) are unclear to stakeholders and indicate the need for improved specification and communication. The lack of clarity of roles and responsibilities of GEF Agencies is also reflected in the fact that national executing agencies, the local SGP and the Focal Point do not know what they should expect from the 10% agency fee received from GEF Council (based on project grant approval).

Conclusion 11: The Focal Point mechanism should have played a more effective role in providing strategic guidance and information and in facilitating, learning and synergies.

61. The work of the Focal Point mechanism has been hampered by the absence of clear focal area strategies and plans for South Africa's response to the conventions, except for biodiversity, as well as a concrete national strategy for sustainable development. While the Medium Term Priority Framework, approved by cabinet, provided a clearer outline of the issues and their alignment to the concerns of the relevant conventions, it did not establish an agreed program and framework of priorities. This has impacted on the relevance of the portfolio and prospects for replicating and sustaining interventions.

62. A shortage of staff contributed to limiting the focal point's ability to ensure strategic coherence and effective stakeholder access to decision making. However, a recent increase in staffing, a newsletter and other initiatives are intended to improve this.

63. The Focal Point itself, and many stakeholders interviewed, indicated that the role of sharing information and disseminating learning had been a particularly weak area. A

factor that has significantly contributed to this is that projects and GEF Agencies have not routinely included the Focal Point in the monitoring and evaluation of projects or in the circulation of narrative and financial reports and evaluations. This has improved and reports are now circulated to the Focal Point.

64. DEAT and UNDP initiated a process to develop a comprehensive long-term country driven programmatic approach to the GEF portfolio but this was suspended once the RAF was instituted.

RECOMMENDATIONS

Recommendations to the GEF Council

<p>Recommendation 1. The GEF strategies and programs should recognize and respond to existing integrated regional and national analyses and strategies for meeting the requirements of the conventions, and/or support their development where relevant.</p>

65. National and regional plans links to the requirements of the conventions provide a potentially strong foundation for shaping the strategies and resource allocations of the GEF. In addition, these plans are most likely to optimally secure global environmental benefits while at the same time ensuring that programs are relevant to national and regional contexts.

66. The positive experience with international waters projects provides valuable lessons and indicates how important a regional approach is to successfully tackling many environmental issues. Considerable experience of working in a regional context has been established and many regions have developed environmental regional agreements. Regional allocations could be made on the basis of regional analyses and strategies, thus avoiding the potential negative effect of the current country focus of the RAF.

67. Based on the specific case of South Africa, the framework and allocation of GEF support should be reviewed in order to maximize global benefits and optimize relevance to the country context in terms of:

- Increased support to land degradation through flexible mechanisms that do not involve grants blended with loans and can be tailored to country contexts and needs.
- The inclusion of support for off-grid renewable energy in the climate change focal area.
- Increased support for adaptation.
- Increased focus in biodiversity on the key challenges of sustainable use and sustaining ecosystem services and benefits in the context of sustainable land management (addressing land degradation and rehabilitation of ecosystems).
- Budget allocations for the management and operations of the SGP that take into account the country context and the specific nature of the program - the need for increased allowance for travel and meetings in order to provide the support

required by community projects as well as facilitate a representative civil society board that may be geographically dispersed.

Recommendation 2. Improve the basis for monitoring and evaluating the GEF support.

68. The objectives in each focal area should form a clearer chain of results in terms of global, regional and country benefits as well as to the overall purpose of the GEF. The GEF Secretariat should facilitate improved reporting and basic record-keeping for the country portfolio. Implementation of enabling activities should be monitored and evaluated on completion to provide an opportunity for comment and peer review by independent specialists based on the requirements and guidelines provided by the conventions. Countries should be involved in the selection of the independent specialists and have discretion to apply or not apply the evaluation recommendations, as is the case with any external evaluation. Improve alignment between conventions, frameworks, and priorities emerging from Conference of Parties decisions and the GEF framework and strategies to enable a more coherent country and regional response and an improved basis for aggregation and assessment of results.

Recommendation 3. Establish a basis for more flexible country-based portfolio management in order to strengthen country ownership, accountability, sustainability, relevance and efficiency.

69. Recommended elements are:

- Recognize the capacity of Countries to manage their own portfolios and give as much responsibility to Focal Point mechanisms as possible.
- Enable greater discretion for within-country allocations where there is an overall agreed country strategy;
- Find ways to reduce transaction costs for the recipients such as:
 - Adoption of country-based governance, accountability, financial management and procurement systems, formats and requirements where these meet required standards and enable GEF Agencies to meet their own responsibilities as such. The experience of UNDP with national implementation could be seen as an example.
 - Standardize, simplify and stabilize requirements, formats, procedures so that recipients can become familiar with one basic interface.

Recommendation 4. Specify and communicate GEF Agencies' roles and responsibilities.

70. The roles and responsibilities of the GEF Agencies should be clarified, in particular to indicate what level of support should be expected for project development and implementation, and in terms of the deliverables from the agency fee. One area of particular interest to the national GEF stakeholders in South Africa is that the GEF Agencies should be required to report on project progress to the focal point. In the

particular case of the SGP, UNDP should establish and communicate minimum requirements for the management of this program.

Recommendations to the South African Government

Recommendation 1. Establish a strategic basis for directing the portfolio & for the selection, design and implementation of GEF projects & for monitoring & evaluating what is achieved.

71. Issues to be considered:

- Ensure that the strategies, plans and budgets to achieve the requirements of the conventions are completed and contextualized within South Africa's sustainable development framework.
- Use the National Capacity Self Assessment (NCSA) enabling activity to identify capacity required to implement the strategy and plans for meeting the requirements of each convention, and establish plans and budgets to act on the priority capacity needs identified.
- The plans related to the conventions and the NCSA can form a foundation for strategic decisions on what (if anything) GEF support should be used for across and within focal areas.
- Regular reports on progress in achieving the strategies and plans related to each convention can identify the contribution of the GEF portfolio (if any) to the achievement of targets and objectives, contextualizing the results in relation to the conventions and avoiding duplication in reporting.

Recommendation 2. Take decisive action to strengthen the SGP.

72. As found in the GEF Evaluation Office evaluation of the global SGP, this program can potentially strengthen the capacity of civil society to make an important contribution to generating global environment benefits in South Africa. In particular, SGP and civil society could pioneer integrated community driven approaches, but civil society needs support to take on this role effectively. The Focal Point should work with the UNDP to identify what kind of enabling environment the SGP and its stakeholders would require to play this role effectively and how this can best be established. The focal point should also ensure that UNDP provides adequate administration and support for the SGP.

Recommendation 3. The focal point mechanism should be strengthened.

73. The Focal Point mechanism should involve the convention focal points more formally, and specifically, in the shaping of the GEF portfolio in each focal area and in the selection of GEF projects. Convention focal points should facilitate project selection based on strategies and plans related to each convention.

74. In order to improve the effectiveness and efficiency of GEF, the Focal Point should establish effective accountability, reporting & communication channels between focal point (political, operational & convention as relevant), GEF Agencies and treasury.

75. The monitoring and reporting system needs to be based on the expected results of the integrated strategy for GEF support and proactively identify opportunities for sharing experience and learning or establishing synergy between national projects or with regional and global projects;

76. Current communication initiatives to ensure easily accessed information on, and a widespread understanding of the GEF mechanism and the South Africa frameworks guiding South Africa's response should be finalized as soon as possible and should cover: how the focal point and selection process works and can be accessed; the current portfolio, status of projects and key learning emerging; the project cycle, decision-making and reporting.

Recommendation 4. Improve the sustainability of the gains made through the GEF support.
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77. Where GEF support is focused on scaling up activities to secure benefits (and not intended to be purely catalytic), South Africa should ensure that there are plans to embed capacity within mandated institutions to sustain the gains made. However, where GEF support is meant as a catalytic or pilot intervention, it is important to ensure that project development and research design and a strong M&E framework adequately enables learning. Attention should be given to ensure that all decisions on the portfolio, the spread of projects in focal areas and project design and evaluation frameworks adequately take into account all dimensions of sustainability, including social and economic.

EMERGING ISSUES CONCERNING THE RAF

78. As the Evaluation Office is presently conducting a review of the RAF at its mid-term point of implementation, it was not considered appropriate to make final conclusions and recommendations. Nevertheless, RAF was very much an issue for South African stakeholders. The following paragraphs are a summary of the main points raised:

- The Resource Allocation Framework (RAF) could potentially enable more proactive planning based on knowing in advance what budget would be available and as such could represent an opportunity for strategically shaping the portfolio in the biodiversity and climate change focal areas.
- Many stakeholders are skeptical that the RAF indices will enable GEF to accurately analyze and optimize global benefits.
- In the case of SGP, the requirement that funding is allocated from the country's RAF allocations has the potential to undermine the basic purpose of the SGP which is to keep a window open to non-government role-players, activists and communities to access funding for projects from a non-government controlled source.
- There is also concern that the RAF will have a negative effect on the regional portfolio with the withdrawal of dedicated regional funding and with all allocations being made through country allocations.
- Initial perspectives on the RAF indicate that the RAF indices and processes of allocation have not improved clarity and transparency. There was general agreement on the opacity of the actual index and ranking process and doubts expressed about their relevance in identifying global environmental values based on the rankings that resulted. Questions were raised about the criteria used to assess governance performance. South Africa has raised the issue that the GEF replenishment is based on what donors are willing to give rather than working off a costing of what it will take to achieve the set of agreed global benefits. Nevertheless, based on the RAF indices, South Africa is receiving one of the highest allocations with allocations in both focal areas. This is in response of South Africa's high biodiversity endowment, high levels of GHG emissions and high performance.

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(prepared by the Government of South Africa)

Will be available shortly.