



GEF/ME/C.41/Inf. 01
October 13, 2011

GEF Council Meeting
November 8–10, 2011
Washington, D.C.

Annual Report on Impact - 2011

(Prepared by the GEF Evaluation Office)

Table of Contents

I. Overview of Impact Evaluations Work in 2011	1
II. Progress on the Impact Evaluation of GEF Activities in the South China Sea and Adjacent Areas.....	2
III. Progress on Assessment of Quality at Entry of Arrangements to Measure Impact	6
IV. Progress on the Impact Evaluation on Climate Change Mitigation	8
V. Mainstreaming of Impact Evaluation across Different Evaluation Streams ..	8

I. OVERVIEW OF IMPACT EVALUATIONS WORK IN 2011

1. This document is the fifth Annual Report on Impact (AIR) presented so far by the GEF Evaluation Office. Through AIR the Office presents information on the progress of the ongoing impact evaluations, methodological developments, and other related efforts. In addition, whenever an evaluation or an assessment is completed during a reporting period, a summary of its findings and conclusions are also included in the report.

2. During this reporting period, significant progress was made in implementing the impact evaluation of the International Waters focal area to assess impacts of GEF activities in the South China Sea and Adjacent Areas. Preparations were initiated for an impact evaluation on Climate Change mitigation. In addition, an assessment of quality at entry of arrangements for measurement of impact in GEF projects and programs was also initiated during this period.

3. In addition to the methods and approaches that it has developed in the past, the Evaluation Office is increasingly using impact evaluation approaches that allows it to take a better account of complexities related to context, intervention and impact achievement. It has also simplified its approach to assessing the achievement of impacts through the terminal evaluation reviews. The simplified approach will now be used to assess the incidence and scope of emerging impacts reported in the terminal evaluations.

4. A major development has been the efforts made by the Office to deepen its partnership with the Scientific and Technical Advisory Panel (STAP). This is part of the Office's ongoing efforts to strengthen the scientific dimensions of its impact evaluations by drawing on resources available within the GEF partnership. The Office sought participation of the STAP member for the International Waters focal area in the Technical Advisory Group (TAG) constituted for the impact evaluation of GEF activities in the South China Sea (SCS) and adjacent areas. Seeking STAP's inputs through TAG is likely to become a more regular feature in impact evaluations, including participation of STAP members in the TAG of the upcoming impact evaluations of Climate Change and Biodiversity. During the period, the Office also initiated an assessment of quality at entry of arrangements for impact measurement in collaboration with STAP.

5. The Evaluation Office is mainstreaming impact evaluation across the various evaluation streams and across the GEF partnership by: assessing quality at entry of arrangements to measure impact; incorporating impact assessment considerations in terminal evaluation reviews; and, continuing the use of Review of Outcomes to Impacts (ROtI) analysis through country portfolio evaluations and terminal evaluation verifications. When relevant, impact considerations will also be addressed in thematic evaluations. The Office will compile and analyze impact-related findings from the various evaluation streams and, on the basis of this analysis, regularly present key findings, draw conclusions and make recommendations in its AIR.

6. Since OPS4, the Office has undertaken 9 field ROtI assessments to gather information on the impacts of the projects that had been complete for two years or more at the time of assessment. Through modifications in the terminal evaluation review form

it has been able to gather information on emerging impacts of recently completed projects. Through the terminal evaluation review process undertaken for Annual Performance Report 2010 (APR 2010) information on emerging impacts was gathered for 25 projects.

7. The Office continues to be an active participant in impact evaluation related networks such as the Network of Networks on Impact Evaluation (NONIE) and the impact evaluation task force of the United Nations Evaluation Group (UNEG). In March 2011, the Office participated in the NONIE and UNEG meetings in Paris.

II. PROGRESS ON THE IMPACT EVALUATION OF GEF ACTIVITIES IN THE SOUTH CHINA SEA AND ADJACENT AREAS

8. The Evaluation Office initiated this impact evaluation to follow up on one of recommendations of the GEF's Fourth Overall Performance Study (OPS4) that called for an in-depth assessment of progress towards impacts in the International Waters focal area. OPS4 had focused more on the likely impacts of individual projects and had not been able to adequately capture GEF contributions at the project cluster level. This impact evaluation was targeted at bridging this gap. The South China Sea (SCS) and Gulf of Thailand are the focus of this evaluation, although for some of the evaluation themes adjacent water bodies in East Asia have also been covered.

9. The SCS and adjacent water bodies are known for their rich biodiversity and natural resources. Forty years of rapid economic growth in the region, however, have resulted in growing coastal habitat destruction, increased pollution, and overfishing, and now threaten the sustainability of the social, economic, and ecological services that these water bodies provide. The region also has a legacy of territorial disputes. These features make addressing the international waters transboundary environmental concerns both important and challenging.

10. Since 1992, the GEF has allocated about 110.0 million USD to address the transboundary international waters related concerns of the SCS and Gulf of Thailand¹. Of the aggregate, 107.1 million USD has been allocated through 35 medium and full size projects, and 2.9 million USD through 150 small grants. These activities also account for a total cofinancing commitment of 693.7 million USD. Of the 35 projects that constitute a major part of the *evaluandum* for this evaluation, 24 pertain to the international waters focal area and the remainder has been supported through other focal areas. Of the 150 small grants supported through the Small Grants Programme (SGP), 119 grants pertain to the international waters focal area.

11. Given the range of activities supported by GEF, the length of the period during which the support was provided, and the geographical spread of the activities, the evaluation was expected to be implemented over a long duration. During the reporting

¹ For these activities GEF had allocated an aggregate of 231 million USD, along with a cofinancing commitment of 943 million USD. However, since not all of these activities were fully incident on South China Sea and Gulf of Thailand, presenting these figures would have given an optimistic estimation of GEF support. There was, therefore, a need to account for partial incidence. The figures presented in the text are adjusted figures, and are more conservative than the estimates presented in AIR 2010 wherein partial incidence for national projects had not been taken into account.

period the approach paper for the evaluation was finalized, the field work for the evaluation conducted, and preliminary findings shared with the Reference Group. The evaluation would be completed in the next reporting period (AIR 2012).

Objectives of the Evaluation

12. The main objective of this evaluation is to analyze the extent to which the processes, knowledge, technologies, and capacities to which GEF contributes have led to, or are likely to lead to, changes in policies, technology, management practices, and other behaviors that will address the priority transboundary environmental concerns that affect the social, economic, and environmental services of the SCS, Gulf of Thailand, and adjacent areas.

Evaluation Approach, Scope, and Limitations

13. The Office is using several methods and approaches in this evaluation. It is using “theory of change” based approaches as a heuristic tool to identify the likely impacts and determine progress made towards their achievement. In addition, it is also using tools and methods inspired by complex systems theory so as to better address issues related to intervention scale, time lags between intervention and natural system response, and ways in which complex socio-ecological systems affect impact paths.

14. The implementation of the evaluation is being carried out in three phases. The first phase consisted of the development of the “theory of change” for the clusters of GEF supported projects in the South China Sea and adjacent areas. This phase has been completed.

15. The second phase consisted of data collection along three distinct lines of inquiry: portfolio analysis to provide a broad picture of GEF support at the regional, national, and local levels; examination of the regional dimensions of GEF support in the SCS; and country case studies to assess the effectiveness of the various GEF approaches to address transboundary environmental concerns, as well as the country factors contributing to or hindering transboundary impact. This data collection phase has also been completed.

16. During data gathering on GEF supported activities, the evaluation team encountered constraints such as: gaps in data due to weaknesses in monitoring and evaluation (M&E) arrangements and their implementation; gaps in scientific knowledge on many aspects of the natural systems and their response; and, inability to establish reliable counterfactuals in most situations. Despite these limitations, rich data has been gathered on GEF contributions to capacity development, knowledge sharing, and in several instances on environmental stress reduction and changes in environmental status.

17. The third phase will consist of data analysis and synthesis. It will focus on assessing achievements related to stress reduction and changes in environmental status, and their transboundary significance; the steps needed to ensure the sustainability of the social, economic, and ecological services provided by the South China Sea; and the

likelihood of environmental services becoming permanently degraded. It will also identify corrective intermediate steps or actions for GEF and other actors.

Stakeholder Involvement

18. The Office has drawn on various resources such as the Technical Advisory Group (TAG) and the Reference Group that were constituted for this evaluation, and the GEF IW Task Force, to strengthen the scientific and technical aspects of the evaluation and to seek inputs from key stakeholders.

19. The **TAG** consists of six scientific and technical specialists with expertise in International Waters and/or evaluations. It is providing quality assurance support on methodological, scientific, and technical issues. The **IW Task Force**, which consists of IW focal area coordinators from 10 GEF agencies, the GEF Secretariat, and the STAP, has been providing inputs on selection of knowledge products, and has facilitated the ongoing communication with the GEF Agencies on the evaluation. The **Reference Group** consists of more than 30 persons, including representatives from the GEF Secretariat and GEF agencies, key staff involved in the execution of the GEF projects in the South China Sea, and some non-GEF stakeholder institutions. In addition to the responsibilities that it shares with the other groups, the Reference Group will play an important role in the follow-up on the evaluation.

Progress so Far

20. During the last reporting period (AIR 2010) a draft approach paper for the evaluation was prepared incorporating preliminary inputs from the TAG and the GEF IW task force. The Approach Paper was shared with the Reference Group in a meeting organized in Bangkok in September 2010. Based on inputs received from the TAG, the Reference Group and the IW Task Force, the draft Approach Paper was finalized in December 2010.

21. A preliminary portfolio analysis was conducted to understand distribution patterns for GEF support, and to prepare an inventory of the demonstrations where local level stress reduction might be expected.

22. Among the GEF projects that are incident on the South China Sea and Gulf of Thailand, three distinct clusters had been identified. These are: the UNEP-implemented South China Sea project cluster; the UNDP-implemented PEMSEA cluster; and the World Bank-implemented Investment Fund cluster. During this reporting period (AIR 2011), case studies outlining the theory of change for these clusters and documenting GEF support through these clusters were prepared.

23. Seven of the nine countries bordering the SCS are eligible for GEF support. The support provided to these seven countries to address international waters related transboundary concerns was used as a criterion to facilitate selection of countries for detailed case studies. Based on the level of support provided by the GEF, four countries – China, Vietnam, Philippines and Thailand – were selected for detailed case studies

(Table 1). Each of these case studies is being conducted by a two-member evaluation team. Even though Cambodia was not selected for a full-scale country case study, a field visit was undertaken in the country to gather information on GEF activities.

Table 1: Distribution of Allocated GEF Support for IW concerns in the South China Sea (in million USD)

Countries	National Projects	Regional Projects	Global Projects	Small Grants	Total Support
Cambodia	3.6	6.5	0.0	0.1	10.2
China	27.5	6.3	0.5	0.1	34.4
Indonesia	1.2	3.6	1.3	0.0	6.1
Malaysia	1.6	4.2	0.2	0.3	6.4
Philippines	11.0	6.1	0.3	0.5	17.9
Thailand	0.0	12.7	0.0	1.4	14.2
Vietnam	7.8	12.7	0.0	0.4	20.9
All countries	52.6	52.2	2.4	2.9	110.0

24. Data collection and field verification for the country case studies has been completed. Among the 35 GEF projects that are incident on SCS and Gulf of Thailand, 61 demonstration sites – where stress reduction was expected to take place – were identified. Of these, 31 sites were selected for field verification using a stratified random sampling approach. Of the sampled sites all, but one, were visited. Overall, the demonstration sites for which data was collected are fairly representative of the countries sampled for case studies. Further, the evaluation team also visited other demonstration sites in China and Cambodia that are included in the GEF SCS portfolio but had not been sampled.

25. The country case study teams interviewed more than 300 local-level and national-level stakeholders. Analysis and synthesis of information collected for the country case studies through both primary and secondary sources is presently being carried out.

26. In addition to the country case studies, analyses are being undertaken on concerns related to coral reefs, mangroves, and marine pollution, as well as on the larger context of GEF support including analysis on key actors operating in the SCS, regional governance, and trends and emerging scenarios relating to key environmental services provided by the SCS. These analyses will be completed in the next reporting period.

27. In September 2011, the Office organized the second Reference Group meeting in Bangkok to share the information collected by the evaluation team. The Reference Group provided valuable suggestions on harmonizing presentation of information in case studies, accurately reflecting the perspectives of various stakeholders, and ways to improve approach to analysis and synthesis of information. These suggestions are being incorporated in the analysis and synthesis phase of the evaluation. The final evaluation report will be presented to the Council in its November 2012 meeting as previously scheduled.

III. PROGRESS ON ASSESSMENT OF QUALITY AT ENTRY OF ARRANGEMENTS TO MEASURE IMPACT

28. The assessment of quality at entry of arrangements to measure impact in GEF projects and programs was initiated during this reporting period. The Evaluation Office is collaborating with GEF's Scientific and Technical Advisory Panel (STAP) to benefit from the latter's recognized expertise on scientific issues. The assessment is being undertaken to:

- assess the quality of arrangements to measure impact incorporated in the design of GEF projects and programs; and,
- provide feedback on the effectiveness of the quality control mechanisms for impact-measurement arrangements in project and program proposals, identifying, if any, areas for improvement.

Rationale for the Assessment

29. The impact of GEF activities has been among the key themes covered by the Second (2002), Third (2005) and Fourth Overall Performance Study (2010) of the GEF. These studies report considerable gaps in the evidence base on impact due to weaknesses in M&E arrangements and implementation. The constraints faced by the SCS impact evaluation team in gathering data on impact also confirm these concerns.

30. To a great extent, the quality of information on impact that is available for analysis after project completion is contingent on the arrangements made during project design to measure impact, and the manner in which these arrangements are implemented. Therefore, to address the quality of information on impact that is available at project completion, oversight of quality at entry of arrangements to measure impact and their implementation is important.

31. The experience of the Evaluation Office shows that quality at entry assessments could be an effective way to give real-time feedback and to facilitate change in the practices within the GEF partnership. In 2005-06, the Office undertook a pilot review of the quality of M&E arrangements at entry. The review assessed the degree to which the M&E arrangements of the CEO-Endorsed projects were in compliance with the GEF M&E requirements. The findings of the pilot review were shared with various stakeholders and presented in the Annual Performance Report (APR) 2005. In 2008-09, the Office undertook a follow-up review to track changes in compliance with the M&E arrangements. The follow-up review found that due to measures such as revision of the project appraisal criteria and stricter implementation of M&E requirements, some of the weaknesses identified in the pilot review had been rectified leading to improved compliance with the minimum requirements (APR 2008).

32. The experience of the Evaluation Office with the assessments of quality at entry of M&E arrangements informs the assessment on quality of arrangements to measure

impact. Nonetheless, there are some important points of departure. The scope of this current assessment on quality of arrangements for impact measurement is much narrower in terms of the breadth of M&E-related issues covered. However, the issues are being covered at a considerably greater depth, and focus is more on “quality” related concerns than on “compliance”. Given the importance of science in assessing the arrangements for impact measurement, the Evaluation Office is drawing on the capacities and expertise of the STAP. This allows the Office to draw upon the latest scientific knowledge to undertake the assessment and also lends greater credibility to the exercise.

Key Questions of the Assessment

33. The assessment is focused on ascertaining the quality of arrangements to measure impact incorporated in the design of GEF projects and programs, and on providing feedback on the effectiveness of the project and program proposal appraisal process in ensuring the quality. The key questions of the assessment are:

- To what extent is the appraisal process for project and program proposals effective in ensuring the quality of arrangements to measure impact?
- To what extent is the approach proposed in the project or program proposals to measure impact scientifically sound and likely to generate reliable information on the achievement of impacts?
- To what extent are the proposed approaches realistic, practical, and in line with the existing capacities in the recipient country/countries?
- Are the resources allocated for implementing arrangements to measure impact sufficient and appropriate?

Methodology

34. A representative sample of 55 projects and programs that were endorsed by the GEF CEO in FY 2011 has been drawn using a stratified random sampling approach. The project documents and relevant annexes of these projects will be reviewed by a panel of two subject area experts. These panels will assess quality of arrangements for impact measurement using an instrument which details key questions on the reliability and realism of the approach, and the resource allocation for impact evaluation-related activities.

35. GEF stakeholders, such as the Secretariat and GEF Agencies, will be interviewed to gather complementary information on the effectiveness of the systems for quality control & assurance for measurement of impact, and the factors that affect it.

Progress so Far

36. An approach paper for the assessment, along with a draft instrument for the review, has been prepared in consultations with STAP. The Office and STAP have jointly identified subject area experts for the reviews.

37. The reviews, analysis and synthesis of information from the reviews and other sources will be undertaken in 2012. The conclusions and recommendations of the assessment will be reported to the Council during the next reporting period. When presenting its conclusions and recommendations, this report will also draw on the evidence collected and analyzed as part of the SCS impact evaluation and through other evaluation streams.

38. Once the GEF partnership has had sufficient time to assimilate the information provided by the assessment, the Office will undertake a follow-up assessment to track progress.

IV. PROGRESS ON THE IMPACT EVALUATION ON CLIMATE CHANGE MITIGATION

39. As part of its work program, the Evaluation Office is undertaking an impact evaluation on climate change mitigation. The impact evaluation will focus on assessing impacts of a theme, a priority, or a project cluster pertaining to climate change mitigation in which GEF has made major investments, and which continue to be important. To ensure the utility of the evaluation to GEF stakeholders, the Evaluation Office has been consulting with the climate change mitigation team of the GEF Secretariat and the STAP member for the Climate Change focal area.

40. To determine the focus of the evaluation, the Office is presently undertaking a preliminary analysis of the GEF project portfolio on climate change mitigation. Based on the findings of the analysis and in consultation with the Climate Change Task Force and STAP, the Office will select the specific focus of the evaluation. Field work for the evaluation will be undertaken during the next reporting period. The evaluation would be presented to the Council in 2013.

V. MAINSTREAMING OF IMPACT EVALUATION ACROSS DIFFERENT EVALUATION STREAMS

41. The Evaluation Office is mainstreaming impact evaluation across its other evaluation streams, namely: country portfolio evaluation; performance evaluation; and, thematic evaluation. In country portfolio evaluation stream impact evaluation considerations are being addressed through documentation of catalytic impacts and long-term achievements of GEF activities, and undertaking ROtI analysis for completed projects that are amenable to such an analysis. Once a substantial number of countries are covered through country portfolio evaluations, the ROtI assessments undertaken for the evaluated country portfolios will provide a representative picture on impact achievements of GEF projects. In the performance evaluation stream, impact evaluation is being mainstreamed through inclusion of impact considerations and criteria based on the ROtI methodology into the terminal evaluations of GEF projects and terminal evaluation reviews, and through the opportunistic use of the ROtI methodology in the field verification of terminal evaluations. Impact evaluation issues will also be mainstreamed in the thematic evaluation stream's analysis related to OPS5 when assessing focal area

strategies and tracking tools and more broadly on specific evaluations when appropriate. A simplified four rating system was also developed for field ROTIs.

42. Since OPS4, Evaluation Office has carried out ROTIs of 9 projects within the framework of country portfolio evaluations. Five are in the biodiversity focal area, three in climate change and one in international waters. No conclusions could be drawn from such a small set of observations. Nonetheless, the emerging evidence from these new assessments is consistent with some of OPS4 findings based on ROTI assessments. The evidence shows that GEF projects' contributions to the progress towards impacts through support to countries for activities on information generation, knowledge management, and awareness building regarding global environmental concerns – depending on circumstances – may have considerable influence on policymaking process. Consistent with OPS4 findings, the new ROTI assessments (undertaken in GEF5 period) continue to produce evidence indicating that progress towards impacts frequently requires attention to a variety of factors. For example in several instances it was found that the uptake of new technologies was limited or unlikely on account of the absence of appropriate policy and regulatory frameworks, market outlets or financial support instruments. Three of the projects reviewed that were found to have had limited or low contributions towards impacts had been based on weak assumptions or had a poor project design, which contributed to significant implementation failure.

43. As part of the APR 2010 process, 27 terminal evaluations were reviewed by the Office. For 25 an assessment on incidence of environmental stress reduction and status change at the point of project completion was also carried out. Local level environmental stress reduction was reported for 14 projects (56 percent), whereas project system boundary level environmental stress reduction was reported for two projects (8 percent). Local level positive environmental status change was reported for 5 projects (20 percent). For 7 projects (28 percent) positive improvement in socio-economic parameters was reported. Given that the terminal evaluations provide evidence only up to the point of project completion, positive environmental status change or socio-economic status change was not reported for any of the projects at a systemic level. Similarly, for none of the projects negative impacts had been reported.

44. The impact-related evidence drawn from the various evaluation streams will continue to be consolidated and analyzed, and will form the basis for key findings and recommendations to be presented to the GEF Council. Several actions are being taken to implement this approach. For example, during the next reporting period the Evaluation Office will present combined findings on the quality of arrangements to measure impact, taking into account the South China Sea Impact evaluation, terminal evaluation reviews, country portfolio evaluations, and information generated through GEF Focal Area Tracking Tools. This information pool will be synthesized by the Office to propose recommendations on actions that can be taken in the short-term to strengthen the evidence base for impact evaluation.