

Summary of Document GEF/ME/C.43/04

GEF Annual Impact Report 2012

Recommended Council Decision

The Council, having reviewed document GEF/ME/C.43/04, “*GEF Annual Impact Report 2012*”, and document GEF/ME/C.43/05, “*Management Response to the GEF Annual Impact Report 2012*”, takes note of the considerable achievements of GEF support to the South China Sea and adjacent areas including, amongst others, that in 21 of 26 cases where comparative data could be obtained, GEF has supported initiatives that reduced environmental stress and improved or maintained socioeconomic conditions.

Given the important contributions that GEF support has made to addressing regional transboundary concerns, and the role of the GEF as a critical player in the region, as noted by the report, the Council requests the Secretariat to:

- 1) Take into account the findings and recommendations of this evaluation when screening future proposals submitted for GEF funding in the South China Sea and adjacent areas, most notably:
 - when choosing areas for expansion, that the conditions conducive to broader adoption are present in those areas
 - that the distinctive competencies within the GEF partnership are more fully drawn on to mainstream transboundary environmental concerns among sectorial ministries and regional trade organizations
 - that systems for managing risks and trade-offs are specified
 - that more attention is given to the support of actions that address regional environmental goods and services
 - that cash and in-kind cofinancing for regional services provided by GEF projects reach sustainable levels by project end
 - that adequate coordination and management of risks within the GEF partnership be given attention.
- 2) Adopt a more robust tracking and reporting approach to ensure Agency accountability for collaboration and cooperation in the South China Sea and the East Asian Seas.
- 3) Take into account the findings and recommendations of this evaluation when developing the GEF 6 International Waters Strategies.

The Council requests the GEF Agencies to:

- 4) Ensure that M&E systems for environmental and socioeconomic impact are in place and consistently implemented, and that data is used and reported for management and public accountability; and
- 5) Ensure that M&E data and information on the impact of GEF projects be made available to the GEF Evaluation Office in a timely and transparent manner when requested.

Executive Summary

1. This 6th Annual Impact Report covers the period from October 1, 2011, to September 30, 2012, and is divided in two chapters. The first chapter consists of the findings and recommendations of the Impact Evaluation of GEF Support to the South China Sea and Adjacent Areas. The second chapter reports on the other activities carried out by the Evaluation Office with reference to impact evaluation for the reporting period.

2. The Impact Evaluation of GEF Support to the South China Sea (SCS) and Adjacent Areas was carried out from December 2010 to September 2012. The evaluation covered 34 projects in 7 countries, spanning almost 20 years of GEF support. It is the first impact evaluation to be done by the GEF on international waters initiatives, and posed several methodological challenges due to the complex nature of the linkages between the social and ecological systems involved. The following five conclusions were reached by the evaluation:

- (1) Although environmental pressures in the SCS continue to increase, GEF has made important contributions that are relevant to addressing regional transboundary issues.
- (2) GEF has become a critical player in the region by linking initiatives at multiple scales, and providing a channel for other donors and stakeholders to support these transboundary concerns.
- (3) In 21 of 26 cases where comparative data could be obtained, GEF has supported initiatives that reduced environmental stress and, as a result, also improved or maintained socioeconomic conditions.
- (4) Broader adoption of GEF-supported initiatives is taking place, and is critical to fully addressing environmental pressures at the appropriate scales, but faces constraints to further progress.
- (5) GEF projects in the SCS and adjacent areas have major deficiencies in the accessibility, use for management, and reporting of environmental monitoring data.

3. The Impact Evaluation of GEF Support to the SCS and Adjacent Areas provides three sets of recommendations. The first refers to the GEF IW support in the SCS and adjacent areas, the second to impact monitoring and evaluation systems of GEF projects, and the third to the GEF IW Focal Area Strategy for GEF-6. The following eight recommendations are made by the evaluation:

- (1) GEF support should more fully draw on the GEF partnership to mainstream transboundary concerns within countries and existing regional organizations.
- (2) GEF should give more attention to supporting countries to work together to address concerns related to regional environmental goods and services.
- (3) GEF should more clearly define the role and linkages of regional mechanism/s in the context of its broader regional strategy, and ensure country and donor commitments to increasing levels of cofinancing to cover the full costs of regional services by the end of the next phase of support.
- (4) UNDP needs to ensure that the social risks of the projects it finances in the SCS are identified and addressed.
- (5) A more robust programmatic approach should be developed for GEF IW support to the SCS and adjacent areas.

- (6) Impact monitoring and related reporting systems supported by GEF should be consistent with local capacities and priorities. They should also be flexible to accommodate the more user-friendly and affordable technologies that are rapidly emerging.
- (7) Impact M&E data and information should be made available to the GEF Evaluation Office in a timely and transparent manner.
- (8) The findings of this evaluation should be considered when developing the GEF 6 International Waters Focal Area and, when applicable, the strategies of other focal areas.

4. During this reporting period, the GEF Evaluation Office also made progress in the Impact Evaluation on GEF Support to Climate Change Mitigation, and started the Impact Evaluation on GEF Support to Biodiversity. An assessment of the quality of arrangements to measure impact integrated into project proposals at CEO endorsement was also carried out, and has been expanded to include a follow-up assessment. A preliminary report of this assessment was presented to the June 2012 Council in the 2011 APR. Impact-related considerations continue to be mainstreamed across other evaluation streams in the Evaluation Office to ensure the availability of information on GEF impacts in future evaluations. This was particularly relevant this year in the thematic evaluation of GEF focal area strategies.