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Agenda Item 12

## THIRD STUDY OF GEF'S OVERALL PERFORMANCE (OPS 3) EVALUATIVE FRAMEWORK

**(Prepared by the GEF Monitoring and Evaluation Unit)**

**Recommended Council Decision**

The Council having reviewed document GEF/C, *Third Study of GEF's Overall Performance (OPS 3) – Evaluative Framework*, approves the proposed approach to the preparation of OPS 3, including the mode of implementation and budget. The Council requests the GEF M&E Unit to prepare, taking into account the comments made at the meeting, terms of reference for OPS3 for Council review and approval at its May 2004 meeting.

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## BACKGROUND

1. At its meeting in May 2003, the GEF Council approved the work program for the GEF Monitoring and Evaluation unit (GEFM&E) for FY03-06, which includes a proposed timeline for the implementation of the Third Overall Performance Study (OPS3) of the GEF. The evaluative framework for the study, with a corresponding timetable and budget, is hereby submitted to the Council for review and approval.
2. The Global Environment Facility (GEF) underwent an independent evaluation of its Pilot Phase in 1993. Overall evaluations of the restructured GEF were conducted in 1997 and 2001. All of these evaluations contributed to the decision-making processes of the GEF Replenishment and Assembly.
3. The approach presented in this paper is based on lessons from previous performance studies as well as comments by Council members, including the request that the OPS3 report should be ready in advance of the replenishment process. It is thus proposed that OPS3 will be completed by mid-2005 and preceded by three in-depth focal area studies, on biodiversity, climate change and international waters.

## INTRODUCTION TO GEF

4. The mission of the GEF as presented in the Instrument for the Establishment of the Restructured GEF and as amended by the Second GEF Assembly is:

*The GEF shall operate, on the basis of collaboration and partnership among the Implementing Agencies, as a mechanism for international cooperation for the purpose of providing new and additional grant and concessional funding to meet the agreed incremental costs of measures to achieve agreed global environmental benefits in the following focal areas: climate change, biological diversity, international waters, ozone layer depletion, land degradation, primarily desertification and deforestation, and persistent organic pollutants.*

5. The GEF is built on the basis of partnerships, facilitated by the GEF Council and the GEF Secretariat, with the three GEF Implementing Agencies (UNEP, UNDP, the World Bank), the seven Executing Agencies<sup>1</sup>, and the Scientific and Technical Advisory Panel (STAP). The GEF works in close collaboration with national governments and also cooperates with NGOs, civil society and the private sector.
6. In carrying out its mission, the GEF is guided by the conventions it serves (UN Convention on Biological Diversity, UN Framework Convention on Climate Change, UN

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<sup>1</sup> The Executing Agencies comprise the four major regional development banks (the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, and the Inter-American Development Bank) and three specialized agencies (the International Fund for Agricultural Development (IFAD), the Food and Agriculture Organization of the United Nations (FAO), and the United Nations Industrial Development Organization (UNIDO).

Convention on Desertification, and the Stockholm Convention on Persistent Organic Pollutants). All GEF activities are also required to be country-driven and based on national priorities designed to support sustainable development, as identified within the context of national programs. GEF policies and strategies are operationalized in the GEF Operational Strategy, Operational Programs and Business Plans. Currently, there are 15 operational programs in the GEF.<sup>2</sup>

7. During its first decade, the GEF has provided about \$4.5 billion in funding for 1200 projects in 140 countries. The Third Replenishment comprised an additional \$3 billion for the period July 2002 – June 2006, the third phase of the GEF (GEF3).

### **OBJECTIVES AND SCOPE OF THE THIRD STUDY OF GEF'S OVERALL PERFORMANCE**

8. The purpose of the Third Study of GEF's Overall Performance (OPS3) is to assess the extent to which the GEF has achieved, or is on its way to achieving, its main objectives. It will contribute to the fourth replenishment and the third Assembly of the GEF. Since the portfolio is fast maturing, OPS3 will focus more than its predecessors on program and project outcomes, the sustainability of those outcomes and the move towards impact.

9. Specifically, the Study will: (a) Provide an overall assessment of the results achieved through GEF support from the restructuring in 1994 to June 2004; (b) Assess the effectiveness of GEF policies, strategies and programs in achieving those results; (c) Draw key lessons and provide clear and forward-looking recommendations to the GEF and its partners on how to render GEF support more effective in contributing to global environmental benefits..

10. In particular, the scope of OPS3 includes five specific areas of assessment:

(a) Results<sup>3</sup> of the GEF operational programs. The Study will:

- Building on the Program Studies in the three focal areas of biodiversity, climate change and international waters, assess the results from completed and on-going GEF efforts within these three focal areas, including progress made towards achieving GEF3 targets<sup>4</sup> by projects approved since July 2002.
- Regarding the two new GEF focal areas, land degradation and persistent organic pollutants (POPs), the review will concentrate on assessing how well these new OPs reflect the priorities of the GEF program countries; and how well the initial GEF projects reflect global priorities for action in these two areas.

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<sup>2</sup> Five operational programs in Biodiversity, 4 in climate change, 3 in international waters, one on integrated ecosystems, one on POPs and one in land degradation.

<sup>3</sup> Results are defined as the impacts, outcomes and outputs expected and achieved by the implementation of projects and programs.

<sup>4</sup> GEF3 targets were presented in GEF/C.21/Inf.11, April 17, 2003.

- With reference to the M&E Unit's ozone study in the year 2000, provide an update on performance and impact with regard to the phase-out of ozone depleting substances.
  - Identify key factors that influence the achievement of results, such as policy frameworks, institutional capacities, market conditions, implementation issues, the choice of strategies of involvement.
- (b) Sustainability of results at country level. The Study will:
- Assess the extent to which benefits from GEF projects are likely to continue after project end.
  - Identify the key factors that determine sustainability, whether they are of a financial, economic, social, ecological or institutional dimension, and the GEF response, and their inter-linkages.
- (c) GEF as catalytic institution. The Study will:
- Assess the key performance issues of the GEF in fulfilling its catalytic role in: (a) leveraging additional financial resources from the public and private sectors; and (b) catalysing results by innovation, demonstration and replication.
  - Identify key areas and/or issues for which it is most likely that the GEF can achieve catalytic impacts, and analyze how GEF has positioned itself in response to such opportunities.
- (d) GEF institutional structure and partnerships. The institutional structure of the GEF consists of a number of entities interacting through partnerships facilitated by the GEF Council and the GEF Secretariat. In particular, OPS3 will:
- Discuss how GEF's institutional structure; division of roles and responsibilities and cooperation between the GEF entities impact the development of the GEF portfolio and results.
  - Assess how the GEF Implementing and Executing Agencies are mobilizing resources, mainstreaming the GEF objectives and operations within their institutions, performing their implementation role and providing corporate services (IAs only).
  - Review the effectiveness of the GEF strategies, outreach activities and dialogue with different stakeholders to build partnerships for global environmental benefits.

- (e) GEF implementation processes. In particular, OPS3 will:
- Review the factors and strategies that influence performance and results at the three main phases of the programming cycle: (a) project design and approval; (b) implementation; and (c) monitoring and evaluation. In so doing, the Study will build on existing reports that discuss implementation issues, to focus on how the overall GEF implementation system functions, and on new and innovative management strategies to enhance results.

11. In addition, OPS3 will assess the progress made on the implementation of key recommendations from OPS2 and replenishment negotiations.

### **METHODOLOGY FOR OPS3**

12. The independent reviews of the main three GEF focal areas program (biodiversity, climate change, and international waters) will serve as an integral part of OPS3. In particular, they will provide: (a) an initial assessment of program results within each focal area, (b) identification and analysis of GEF strategies in achieving the Operational Program goals; (c) an assessment of learning and knowledge sharing, and (d) identification of issues for further analysis and discussion by the OPS3.

13. Consequently, the OPS3 methodology will focus on (a) drawing together the conclusions, commonalities and findings across the focal areas; (b) discussing further the implications of these results in terms of GEF performance; (c) adding value to existing performance reviews, by addressing in greater detail complex issues of sustainability, partnering, learning and leveraging. The methodological framework of the OPS3 should contain enough flexibility to address crucial issues from the program studies as they emerge, and be finalized in conjunction with the approval of the detailed Terms of Reference in May 2004.<sup>5</sup>

14. Both the methodology of the program studies and the OPS3 will rely on assessment of results at the national level, through country profiles that assess GEF contribution to those results. These will be complemented by desk reviews and/or visits of project clusters. This approach aims to facilitate analysis across projects, focal areas and OPs in order to provide a program-level and organizational performance. This implies that field visits to selected countries and projects will constitute essential elements in the validation of results. It is expected that between 8 and 10 countries will be visited through the OPS3, and 3-5 countries visited within each focal area program study.

15. In addition, a performance study must rely on strong elements on feedback on perceived performance, expectations and needs. Consultations with a large number of country representatives through 6- 7 regional and sub-regional meetings will be conducted during OPS3, in addition to individual and national consultations, focus group meetings and expert interviews.

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<sup>5</sup> The three program studies will be completed by June 2004. Reviews of POPs, land degradation and Ozone focal area will be completed by December 2004.

16. A number of additional studies and reports conducted by GEFME Unit will also contribute to the OPS3 analysis. These include the annual Portfolio Performance Reviews (PPR), the Secretariat Managed Project Reviews (SMPRs), reviews of terminal evaluations by the Implementing Agencies, and thematic reviews such as financial arrangements in biodiversity, local benefits impacts of GEF projects, and review of the private sector engagement.

### **OUTPUTS FROM OPS3**

17. The main output from the OPS3 exercise will be the OPS3 report to GEF Council, with supporting documents such as the studies of the focal areas. The final draft OPS3 report is expected to be completed in time for the May 2005 GEF Council meeting to meet the requirements of the GEF replenishment timeframe. GEF partner institutions will be requested to provide comments to the final draft. These comments will be made available to the Council.

### **OPS3 IMPLEMENTATION**

18. To determine the most cost-effective approach given the objectives and approach outlined above, different implementation possibilities may be considered, in accordance with the Timetable presented in Annex 1.

19. The OPS2 was prepared by an external and independent team of 8 experts from around the world appointed by the GEFM&E coordinator in consultation with the GEF CEO. The experience of OPS2 provides some major lessons: (a) The time and resources to recruit such a high level group of experts should not be underestimated. The team's recruitment and contracting process took about 6 months; (b) An independent team needs substantial time to obtain a comprehensive understanding of the GEF institution and operations before the team is able to begin the evaluation; (c) The program studies are essential for assessing results and should be finalized before the independent team begins work. Ultimately, the Team depended on the program studies prepared by the GEF M&E unit and partners; and (d) The verification of results on the ground was a major task for the Team, which relied heavily on Team field visits to about 22 countries supported by 15 national consultants. The final cost for OPS2 was about \$1,300,000. These lessons raise the question of whether an external team would be able to complete a OPS3 report in a cost-effective manner by May 2005. If an approach similar to OPS2 is followed in OPS3 the cost would be about \$1,500,000.

20. Alternatively, a less demanding implementation approach would make it possible for the OPS3 report to be submitted to the GEF Council meeting in May 2005. This strategy entails: (a) The program studies to validate results would be conducted by the GEFME unit, assisted by highly qualified independent experts in each of the focal areas and with the participation of the GEF focal areas task forces; (b) The OPS3 would thus require a more modest team of five high level evaluators to bring additional perspectives and expertise required for OPS3; (c) In addition, a High Level Advisory Panel of six members representing all regions of the world would provide strategic and technical guidance on key issues of the study. The members should have broad experience in global environmental conventions, the policymaking context of GEF focal areas and crosscutting issues.



21. This strategy would be in line with the intentions of the Council to bolster the monitoring and evaluation function within the GEF system and the independent status of the M&E Unit. It also allows the Study to maximize the use of internal resources and knowledge, taking advantage of the already strengthened capacity of the M&E Unit. Evidently, the improved synergies between the program studies and the OPS, with much of the work undertaken at an earlier stage, would have a positive effect on resources and workload of the involved partners. As presented in the attached budget (Annex 2), the cost of conducting OPS3 in this manner will be about \$400,000 less than an approach similar to OPS2.

22. It is recommended that the Council approves the latter approach whereby the OPS3 report is a product of the independent GEF M&E unit based on in-depth evaluations of the focal areas (program studies), crosscutting evaluations and other evaluation and monitoring materials prepared by the unit and other GEF entities.

## ANNEX 1: TIMETABLE FOR OPS3

Task/Calendar Year	2003		2004				2005				2006	
	JA S	OND	JF M	AM J	JA S	ON D	JF M	AM J	JA S	ON D	JF M	AM J
Program Studies in biodiversity, climate change, international waters												
Program Studies in Ozone, POPs, and land degradation												
TORs of OPS3 to GEF Council		X										
Recruitment of consultants and Advisory Panel members												
Advisory Panel meetings			X		X		X					
OPS3 implementation												
Progress report to Council				X		X						
OPS3 final draft to Council								X				
Replenishment process												
Third GEF Assembly (estimated)												X

## BUDGET

The following table presents the budget for the proposed OPS3 implemented by the GEF M&E Unit. The budget for the program studies in biodiversity, climate change and international waters, are not included since they are part of the regular budget of GEFM&E for FY04 approved by Council in May 2003.

	<b>Cost</b>
<b>Advisory Panel</b>	
<b>Fees (about 120 days/6 experts)</b>	\$ 70,000
<b>Travel (about 12 trips)</b>	\$ 90,000
<b>Subtotal</b>	<b>\$ 160,000</b>
<b>Consultants</b>	
<b>Manager for OPS3</b>	\$ 160,000
<b>International experts (400 days)</b>	\$ 240,000
<b>Travel</b>	\$ 60,000
<b>Local consultants (about 160 days)</b>	\$ 48,000
<b>Subtotal</b>	<b>\$ 508,000</b>
<b>GEFME Unit</b>	
<b>Travel</b>	\$ 37,500
<b>Administrative Support</b>	\$ 90,000
<b>Subtotal</b>	<b>\$ 127,500</b>
<b>IAs support</b>	
<b>UNDP</b>	\$ 30,000
<b>UNEP</b>	\$ 10,000
<b>World Bank</b>	\$ 30,000
<b>Subtotal</b>	<b>\$ 70,000</b>
<b>Subregional Workshops</b>	
<b>5 Meetings</b>	\$ 150,000
<b>Subtotal</b>	<b>\$ 150,000</b>
<b>Translation, printing and dissemination</b>	<b>\$ 150,000</b>
<b>Total OPS3</b>	<b>\$ 1,167,500</b>