



Global Environment Facility

GEF/ME/C.24/5
October 22, 2004

GEF Council
November 17-19, 2004

Agenda Item 6 (e)

FOUR YEAR WORK PLAN AND BUDGET OF THE OFFICE OF MONITORING AND EVALUATION

(Prepared by the GEF Office of Monitoring and Evaluation)

Recommended Council Decision

The Council reviewed document GEF/ME/C.24/5 “Draft Four Year Rolling Work Plan and Budget” and approves the principles and overall scope of the plan, subject to the comments made during the Council meeting. In view of the short time that the Director of Monitoring and Evaluation had to prepare the plan, the Council requests the Office of M & E to present a more detailed four year rolling work plan and budget to the June 2005 Council meeting.

To enable a full implementation of the TOR of the independent Office of M & E and more in particular to initiate the consultative processes needed and prepare for new activities, the Council approves a contingent supplement to the budget of the Office of M & E for FY05 of US\$ 250,000.

EXECUTIVE SUMMARY

The Council in May 2004 asked the Monitoring and Evaluation Unit to prepare a system of four year rolling work programs. The work program is guided by the TOR for the GEF M & E Unit (dated July 28, 2003) and the Council document on Elements for a New GEF M & E Policy (GEF/ME/C.24/1). The special nature of M & E also follows from the GEF's mandate and function as financial mechanism for a number of global environmental conventions, to which a reporting relationship exists.

In the period of 2000-2004 the M & E work programs were adapted to the cycle of upcoming GEF Assembly and Replenishments meetings in 2002 and 2006. This draft four year rolling work program should be seen as a first step towards establishing a fully developed rolling M & E work program for GEF4. This paper establishes principles and presents elements rather than a fully detailed plan. This allows for starting up a consultation process with GEF partners. Furthermore, it will allow to take on board any recommendations on the GEF M & E system that may come out of the Third Overall Performance Study.

The basic elements for the work plan are to:

- Independently monitor and evaluate the effectiveness of GEF programs and resource allocations on project, country, portfolio and institutional bases.
- Provide a basis for decision making on amendments and improvements of policies, strategies, program management, procedures and projects.
- Promote accountability through the assessment of processes, results, impacts and the performance of the parties involved in GEF activities.
- Provide feedback to subsequent activities, and promote knowledge management on results, performance and lessons learned.

These objectives have been translated into criteria for programming of M & E, which provides transparency why subjects may receive priority:

- Policy relevance – whether or not a subject is highly relevant in existing GEF policies.
- Financial weight.
- Stakeholder opinion and demand.
- Public and/or media debate – whether or not a subject is “controversial” or being debated often in the media.
- Evaluation coverage – ideally the M & E programming should lead to the main potential subjects being evaluated once every replenishment period.
- Evaluability – whether or not subjects can be evaluated in a cost-effective way.
- International collaboration and “third party” information – whether or not collaboration may provide cost opportunities or whether or not evaluative evidence from others may be accepted.

The Office of M & E has identified at least ten subjects that have not been evaluated in-depth or in their own right in the past four years. Furthermore, at least seven new subjects for evaluation have been identified, which will need to be covered in the coming years. The Office of M & E proposes to group potential evaluation subjects in three main areas in which evaluations should be planned in GEF4:

- Focal areas including Operational Programs and Strategic Priorities.
- Cross-cutting and thematic issues, including themes across focal areas.
- Institutional and procedural issues, such as cost-effectiveness, the project cycle, the fee system, M & E and knowledge management.

A list of possible subjects has been drawn up in each category, which will be further developed through discussions with GEF partners and preliminary research to define the scope and evaluation questions that can be addressed in each evaluation. The Council may wish to identify subjects that have priority or which will play a role in future meetings. The Office of M & E will present an up-date to the Council meeting in June.

As regards monitoring, the Office of M & E proposes to engage in three lines of work over the next four years:

- Ensuring GEF policies and concerns are mainstreamed into GEF agencies M & E systems.
- The GEF performance review.
- Verification of attainment of replenishment targets.

In May 2004, the Council approved \$2.321 million for the GEF Office of M & E budget to support the FY05 work program.¹ A wide variety of reasons can be identified which call for a (substantial) increase in investments in monitoring and evaluation in the GEF:

- The GEF has adopted new Focal Areas, Operational Programs and Strategic Priorities and new cross-cutting policies and modalities of operation;
- The GEF's overall funding budget and the number of projects have increased over the past few years and are expected to increase further;
- The inclusion of seven Executing Agencies in the GEF family;
- The higher level of independence and new tasks for the Office of M & E;
- Various of the existing Focal Areas, Operational Programs and cross-cutting policies and modalities of operation have not been evaluated in-depth in the past;

The Office of M & E is presently fully engaged in carrying out the activities of FY05. However, due to the fact that the new Director arrived recently, no fully detailed budget could be prepared for FY05 incorporating the proposals contained in the "Draft elements for a new GEF M & E Policy" paper (GEF/ME/C.24/1) and this paper. The Office of M & E proposes to Council to

¹ In addition, Council also approved \$1.582 million within the GEF corporate budget for the IAs to support the work of the Office of M & E.

make available a budget for contingencies in its operations in FY05 to support fully implementing the TOR of the Office and initiate the consultative processes needed with GEF partners – in particular the evaluation offices of IAs and EAs – as well as preparatory work for GEF country portfolio evaluations, impact assessments and other M & E tools. A realistic budget to support the four year rolling work program will be presented no later than the June 2005 meeting of the Council.

Table of Contents

PRINCIPLES FOR PREPARING THE WORK PROGRAM AND BUDGET.....	1
CRITERIA FOR PROGRAMMING	2
EVALUATION WORK PROGRAM.....	5
MONITORING WORK PROGRAM	7
BUDGET AND STAFF	9

PRINCIPLES FOR PREPARING THE WORK PROGRAM AND BUDGET

1. The Council in its session in May 2004 asked the Monitoring and Evaluation Unit to prepare a system of four year rolling work programs. The work program is guided by the mandate, principles and criteria that have been laid down in the TOR for the GEF M & E Unit (dated July 28, 2003), the gradual change of the Monitoring and Evaluation Unit into the independent Office of Monitoring and Evaluation and the Council document on Elements for a New GEF M & E Policy (GEF/ME/C.24/1).
2. The special nature of M & E follows from the GEF's mandate and function as financial mechanism for a number of global environmental conventions. It is informed by decisions at international environmental summits and determined by the GEF Assembly and Council. The GEF Office of M & E reports independently to the GEF Council, which also has a reporting relationship to the Conferences of the Parties of the conventions, to which GEF is financial mechanism. Without jeopardizing the independent nature of M & E, a number of M & E activities will be carried out in a participatory way, with shared responsibility between the GEF Office of M & E, the GEF Secretariat and the evaluation and operational divisions of the Implementing and Executing Agencies and responsible institutions and units in the participating countries.
3. The programming of monitoring and evaluation in the GEF family is to some extent a more complicated matter than similar programming that is done by other independent evaluation offices and departments in other organizations. Responsibilities for monitoring and evaluation are divided out between the Office of M & E, the Implementing Agencies (IAs) and the Executing Agencies (EAs); furthermore, the GEF Secretariat plays a role in monitoring as well. Since many if not all GEF activities are co-funded, monitoring and evaluation by other donors and partners (NGOs, private sector, etc.) may play a role as well, and last but not least the partner countries can and should monitor and evaluate GEF funded activities in their countries. All these actors and potential M & E products need to be taken into account when programming M & E.
4. In the period of 2000-2004 the M & E work programs were adapted to the cycle of upcoming GEF Assembly and Replenishments meetings in 2002 and 2006. During these years the GEF Council emphasized the need to carry out independent studies of GEF's overall performance as part of these cycles. The Second Study of GEF's Overall Performance was completed in 2002 (following the first performance study in 1998). The Council also stressed the importance of developing evaluation methodology and program indicators, the need for assessments of cross-cutting issues, as well as implementing the monitoring function which covered all ongoing projects and addressed procedural and project cycle matters.
5. This draft four year rolling work program should be seen as a first step towards establishing a fully developed rolling plan for GEF4. This means that this paper will establish principles and present elements for a four year work program rather than a fully detailed plan. This allows for starting up a consultation process with GEF partners.

Furthermore, it will allow to take on board any recommendations on the GEF M & E system that may come out of the Third Overall Performance Study.

6. The basic elements for the work plan are clearly spelled out in the terms of reference for the independent M & E Unit as approved by the Council on July 28, 2003. The objectives are to:

- Independently monitor and evaluate, on a continuing basis, the effectiveness of GEF programs and resource allocations on project, country, portfolio and institutional bases.
- Provide a basis for decision making on amendments and improvements of policies, strategies, program management, procedures and projects.
- Promote accountability through the assessment of processes, results, impacts and the performance of the parties involved in GEF activities.
- Provide feedback to subsequent activities, and promote knowledge management on results, performance and lessons learned.

7. These objectives have been translated into criteria for programming of monitoring and evaluation which will enable a transparent programming process and allow for interaction with partners in and outside of the GEF family.

CRITERIA FOR PROGRAMMING

8. The criteria that the Office of M & E proposes to adopt for programming purposes are the following:

- Policy relevance – if a subject for evaluation is regarded as important in GEF’s policies on focal areas or cross-cutting issues, such a subject should receive a higher priority than a subject which is not considered important.
- Financial weight – subjects which are receiving relatively large amounts of funding should receive higher priority than subjects which are funded with lesser amounts.
- Stakeholder opinion and demand may be a good reason to give a subject priority, whereas if the stakeholders object to an evaluation taking place, the climate may not be conducive to learning.
- Public and/or media debate – if a subject is “controversial” or being debated often in the media, the GEF may want to give priority to an evaluation on that subject in order to be fully informed and ready for interaction with the media. Furthermore, public debates often lead to questions in parliaments, for which Council members may need to be prepared.

- Evaluation coverage – ideally the M & E programming should lead to the main potential subjects being evaluated once every replenishment period – the extent to which the evaluation of these subjects would contribute to this coverage should be taken into account.
- Evaluability – subjects may be “easy” to evaluate (when data and evaluation methodologies are available) or “difficult” (when neither data nor methodologies are within easy reach). Some evaluations may be more costly than the subject they are evaluating, especially when baselines need to be established post-fact.
- International collaboration and “third party” information – if other evaluation offices or departments are undertaking evaluations which take GEF’s information needs into account and are executed in a reliable and valid manner, these evaluations may be used to enlarge the scope of the available information on GEF’s results – and can be termed “third party” information, i.e. information coming from a third party². Furthermore, if through collaboration with other evaluation departments (IAs, EAs, partner countries, NGOs, private sector) evaluations can be carried out more cheaply (through sharing costs) or with a wider scope for the same price, this should be explored.

9. These seven criteria cannot be aggregated into one overall score. To give a hypothetical example, a subject may score high on several criteria, but if on the “evaluability” criterion it proves to be prohibitively expensive, it may be withdrawn nevertheless. On the other hand the criteria help to make choices transparent, even if these choices still have to be reasoned through before reaching a conclusion.

10. The Office of M & E has developed a matrix of all potential evaluation subjects versus evaluation criteria. In itself this is an interesting exercise. Given various entry points into GEF policies and portfolio, more than 95 potential evaluation subjects were identified by the Office. These subjects range from Operational Programs and strategic priorities per Focal Area, to guiding principles, cross-cutting issues, modalities of GEF interventions, organizational/institutional issues, country portfolio, M & E issues and knowledge management. Many subdivisions can be made, and the impression may emerge that the GEF addresses too many issues at the same time.

11. This matrix has first been used to establish the coverage that was reached with evaluations over the past four years. This information is important in that it shows which areas of GEF policy, strategies, programs and projects have been well covered in the past and which areas have been relatively under evaluated. The following areas, issues and

² Third party refers in this case to a party which is not the Office of M & E or the GEF Management (and through the GEF Management the operational divisions involved in GEF activities). Potentially, the independent evaluation offices of the IAs and EAs could provide third party information, as well as independent evaluation departments or units of other organizations, if they become involved in the evaluation of GEF activities.

subjects can be identified which have not been evaluated in-depth or in their own right in the past four years:

- Climate change: Operational Program 7 has not been evaluated in-depth
- International Waters: Operational Programs 10 has not been evaluated in-depth
- Persistent Organic Pollutants
- In cross-cutting issues: capacity building and the Country Dialogue Initiative; as well as intellectual property rights
- Of modalities of GEF interventions, the programmatic approach, partnerships and global “umbrella” projects have been relatively under-evaluated
- Organizational/institutional issues have not been the main focus of any one evaluation
- Country portfolios have not yet been evaluated
- Knowledge management in the GEF system.

12. This list may create the impression that the GEF has been under-evaluated in general. Although there is certainly room for improvement, evaluations in the past four years have covered a wide range of issues, policies and programs. Yet with a growing portfolio and with an increase in programs, strategic priorities and portfolios, it is clear that additional staff and budget are needed if in the coming four years the level of coverage has to be increased or has to remain at the same relative level.

13. Some subjects for evaluation are relatively new. They have been approved in recent years and are in the process of implementation. Some Operational Programs and all Strategic Priorities were approved in the last four years. The following list will be taken into account in the evaluation work plan:

- Strategic Priorities in all focal areas
- Biodiversity: Operational Program 13
- Climate change: Operational Program 11
- International Waters: Operational Programs 9 and 10
- Multifocal: Operational Program 12
- Various indicators at program level are relatively new or even still need to be further developed

EVALUATION WORK PROGRAM

14. The Office of M & E proposes to group potential evaluation subjects in three main areas in which evaluations should be planned in GEF4:

- Focal areas including Operational Programs and Strategic Priorities
- Cross-cutting and thematic issues, including themes across focal areas such as local benefits, indigenous people and capacity building; the guiding principles and country portfolios
- Institutional and procedural issues, such as cost-effectiveness, the project cycle, the fee system, M & E and knowledge management.

15. This grouping of evaluation subjects allows for a phased approach in the four years of GEF4. In the first and second year the emphasis could be on cross-cutting and thematic issues as well as institutional and procedural issues. In the third year the focal areas and the allocation system could be evaluated. In the fourth year the Fourth Overall Performance Study would take place.

16. This note aims to provide a platform for a consultative process with GEF partners in order to identify stakeholder opinions. Nevertheless, we have drawn up a list of possible subjects which we propose as a starting point for the interaction with GEF partners. Other subjects may be added in the consultative process and the Council may decide to accord certain subjects priority.

17. The following promising subjects are identified as cross-cutting and thematic issues:

- **Capacity building:** the relevance in existing GEF policies is clear, especially of enabling activities; the financial weight is relatively low; as a subject for international debate or the media it does not score high; yet it will add to coverage; the evaluability is good, again especially for the enabling activities; whereas the potential for international collaboration must not be overrated.
- **The GEF guiding principles:** the policy relevance of this subject is high. However, the financial weight is unclear (to what extent can these principles be translated in financial portfolios? probably not); public interest will vary per principle (country ownership and replication may elicit the most interest); since these principles should be applied everywhere, from a coverage perspective this is an interesting issue; some principles may be more easy to evaluate than others; some are potential of interest for collaborators (especially country ownership and replication).
- **Country portfolios:** on this subject the answer to the criteria will differ per country; yet it seems clear that especially countries that have a larger and diverse portfolio are potentially of interest for this kind of evaluation. A

second approach to this subject is to look at similar kind of portfolios or similar kind of countries. An example may be small island states: to what extent and how do they benefit from GEF involvement? Interest from the media may be highest on the country level. The contribution to evaluation coverage will be positive only in the case of relatively large portfolios. Evaluability can be considered good (country portfolio assessments are practices by many organizations). The possibilities for collaboration with a national evaluation capacity should not be overstated but could potentially be very rewarding.

- **Public involvement:** the policy relevance of public involvement is considered to be high; the financial weight of interventions is not that high; yet from the perspective of the media it is potentially an interesting subject; it would add to evaluation coverage; is considered to be evaluable; and the potential for collaboration with other partners is high.
- **Indigenous people/land tenure:** although the policy relevance may not be as high as the previous subject; the financial weight relatively low; nevertheless this is a subject potentially of interest to international media; although it will not add greatly to coverage, its evaluability can be considered positive and the possibility for international collaboration is high.

18. As far as organizational/procedural issues are concerned, the following subjects have been identified for further discussion:

- **Regional and global projects:** the policy relevance should not be overstated yet is clearly present; the financial weight is substantial enough; there could be some interest in the international debate on global public goods; as these modalities were not evaluated before it would certainly add to the coverage; the evaluability is assessed positively; and there is a potential for international (or regional) collaboration.
- Given the structure of the GEF **process issues** will be of great interest in all criteria except that of the public/media debate. The current study of the preparatory phase may lead to further ideas on how to focus an evaluation on these issues.
- The **M & E system** in the GEF is an important concern, which is dealt with in the next chapter. Here it is important to note that an assessment of aspects of or the total of the M & E system will be effectuated through an evaluation, even if this is an annual one.

19. As already stated in paragraph 16, these ideas for evaluations will need to be further developed through discussions with GEF partners and preliminary research to define the scope and evaluation questions that can be addressed in each evaluation. The Council may wish to identify subjects that have priority or which will play a role in future meetings. Similarly, other GEF partners may express preference for subjects or

highlight when subjects will be discussed elsewhere. Furthermore, the current system of M & E in IAs and EAs may already provide evaluative evidence on some of the subjects. This will also be explored.

20. The upcoming consultation process with GEF partners will identify more subjects to be incorporated in the next version of the rolling work program. The Office of M & E will present an up-date to the Council meeting in June.

MONITORING WORK PROGRAM

21. It is expected that the M & E systems in the GEF will remain dynamic to reflect changing mandates, objectives and tasks and also to build on new scientific and technical insights as GEF matures. The Office for M & E will increasingly play an oversight and validation role for the incorporation of GEF concerns in M & E systems put in place by the GEF Secretariat and Implementing and Executing Agencies. It will also seek to work with the GEF partners to develop greater consistency and comparability of information reported, building as much as possible on existing systems to support mainstreaming and prevent duplication of efforts. In addition to working with the IAs' and EAs' GEF coordination units, the Office of M & E will also work with evaluation offices of the IAs. The Office of M & E will engage in three lines of work over the next four years.

22. **Ensuring GEF policies and concerns are properly incorporated in to GEF agencies M & E systems.** The Office of M & E will continue to identify aspects of monitoring and evaluation that require attention and which will be addressed in cooperation with other GEF Agencies. While different agencies will require different levels of effort from the Office of M & E, it is anticipated that in most of the aspects to be addressed there will be a need for a high “up front” investment of time and resources by the Office of M & E, some cases requiring special reviews assess systems and the development of guidelines. So far the following M & E tasks have been identified as requiring attention:

- Development and strengthening of program indicator systems. Program indicator systems need to be developed for POPs, land degradation, integrated ecosystems and capacity development. Indicators for biodiversity, climate change and international waters need to be updated and strengthen.
- Development of methodologies to calculate GEF achievements related to replenishment and Assembly decisions.
- Mainstreaming of GEF concerns in IA and EA internal reviews and feedback systems in monitoring reports, including rating criteria and practices across agencies.
- Establishment and enhancements of “Projects at risk” system and other systems to asses the health of the portfolio.

- Assessment and development of criteria to mainstream GEF concerns in the development of TORs, selection of evaluators, review of evaluations, including rating criteria and practices across agencies.
- Strengthening GEF agency procedures to ensure that relevant lessons learned are properly incorporated in policies, strategies, programs and project design and implementation.

23. **The GEF performance review.** The Office of M & E will annually prepare the GEF performance review, which will be the follow-up of the Project Performance Report. This issue has been dealt with more substantially in the draft paper that was presented to Council on elements for a new GEF M & E policy. The Office of M & E will review and report to Council annually on four aspects of GEF performance:

- Accomplishments reported by Terminal Evaluations. This consists of a summary and an assessment of the results reported in terminal evaluations reviewed by the Office of M & E each year.
- Quality of terminal evaluations reviewed by the Office of M & E each year.
- An analysis of portfolio health trends, for which a methodology will be developed.
- Progress of implementation of Council recommendations. This report will assess the follow-up of recommendations approved by the Council.

24. **Verification of attainment of replenishment targets.** At the last GEF Replenishment, the Council decided that the Office of M & E will verify the attainment of the replenishment targets approved for GEF3. The first report will be submitted to the November 2004 GEF Council meeting (GEF C.24/3). The second report is scheduled for the end of GEF3 in 2006. If requested by the Council, the Office will continue this work during GEF4.

25. It is the view of the Office for M&E that monitoring of project implementation, including Project implementation reviews (PIRs) and Specially Managed Project Reviews (SMPRs), is primarily a management instrument, which should be handled through the management functions of the Implementing and Executing Agencies and the GEF Secretariat. If this view is shared by the Council, the Office will engage these partners in discussions of transfer of responsibilities. However, the Office is committed to complete the annual Project Performance Review for 2004, including the Specially Managed Project Reviews (SMPR) and the reviews of terminal evaluations (TER).

BUDGET AND STAFF

26. In May 2004, the Council approved \$2.321 million for the GEF Office of M & E budget to support the FY05 work program.³ These funds were allocated to cover the cost of salaries for regular and temporary staff within the Office, administration overheads charged by the World Bank, fees for external consultants working on different assignments implemented by the Office and travel. As of November 2004, the Office of M & E has 6 professional evaluators (under regular staff contracts, including the new Director), 4 mid-level professionals (under temporary contracts), one junior professional and one support staff. The budget does not include the special allocation for the Third Study of GEF's Overall Performance (OPS3), which is being carried out in FY05, nor evaluation or monitoring activities carried out by the IAs at the project or portfolio levels, which are covered by GEF corporate or project budgets. Furthermore, a separate Trust Fund exists to co-finance the costs of the Local Benefits Study.

27. A wide variety of reasons can be identified which call for a (substantial) increase in investments in monitoring and evaluation in the GEF:

- The GEF has adopted new Focal Areas, Operational Programs and Strategic Priorities and new cross-cutting policies and modalities of operation, which will need to be evaluated when they become implemented and start to produce results;
- The GEF's overall funding budget and the number of projects have increased over the past few years and are expected to increase further;
- The inclusion of seven Executing Agencies in the GEF family call for an increasing role of the Office of M & E in gathering evidence of GEF results that can not be aggregated on the basis of evaluative evidence of the M & E systems of the IAs and EAs; furthermore, the increasing number of agencies call for increased transaction costs for mainstreaming GEF M & E concerns in the IAs and EAs.
- The Council has decided to upgrade the GEF M & E Unit to a higher level of independence and has mandated the unit (now Office of M & E) to undertake new tasks and to set in motion a process leading to a new GEF M & E policy;
- Various existing Focal Areas, Operational Programs and cross-cutting policies and modalities of operation have not been evaluated in-depth in the past.

28. The Office of M & E is presently fully engaged in carrying out the activities of FY05. However, due to the fact that the new Director arrived recently, no fully detailed budget could be prepared for FY05 incorporating the proposals contained in the "Draft elements for a new GEF M & E Policy" paper (GEF/ME/C.24/1) and this paper. The

³ In addition, Council also approved \$1.582 million within the GEF corporate budget for the IAs to support the work of the Office of M & E.

Office of M & E proposes to Council to make available a budget for contingencies in its operations in FY05 to support fully implementing the TOR of the Office and initiate the consultative processes needed with GEF partners – in particular the evaluation offices of IAs and EAs – as well as preparatory work for GEF country portfolio evaluations, impact assessments and other M & E tools.

29. A realistic budget to support the four year rolling work program will be developed by the Office of M & E on the basis of the consultations that will take place with GEF partners, a system of costing of M & E activities and the development of a new internal system of budgeting and bookkeeping. This budget will be presented no later than the June 2005 meeting of the Council.