

GEF Council Meeting  
June 18 - 20, 2013  
Washington, D.C.

Agenda Item 16

**WORK PROGRAM AND BUDGET OF THE  
GEF EVALUATION OFFICE**

**(Prepared by the GEF Evaluation Office)**

### **Recommended Council Decision**

The Council, having reviewed document GEF/ME/C.44/02, “*Work Program and Budget of the GEF Evaluation Office*,” approves the annual budget for the Evaluation Office for fiscal year 2013 for a total of US\$ 3.28 million. The multi-annual budget for the evaluation program of the GEF Evaluation Office is approved for an amount of US\$ 0.9 million for evaluations carried out in fiscal year 2014 and commitments for evaluations continuing on into fiscal year 2015. The total amount approved for the GEF Evaluation Office is US\$ 4.18 million, which is \$ 1.56 million lower than in fiscal year 2013, when a peak in funding was caused by OPS5 and the two mid-term evaluations that the Office is undertaking.

Given the recent obstacles that the Evaluation Office has faced in accessing ongoing and completed GEF funded projects, the Council notes that several GEF Agencies are now incorporating legal requirements in contractual arrangements that such access should be granted as fully and quickly as feasible, recognizing the independence of the Office and without restrictions. The Council requests the Evaluation Office to interact with the GEF Agencies on this issue and report back to the Council in its next Work Program and Budget whether access has been ensured for all GEF funded projects.

The Council requests the Evaluation Office to prepare proposals for the replenishment negotiations for the GEF-6 phase to ensure that the operational nature of its budget is recognized and decided outside the administrative budget of the GEF, to come in line with best international practice. It notes with interest that a peer review will take place of the evaluation function in the GEF in early 2014 and looks forward to receive the findings and recommendations at its June 2014 meeting.

## EXECUTIVE SUMMARY

The four year work program of the Evaluation Office for GEF-5 was approved by the GEF Council in May 2011. The Office operates through an annual budget for staffing and related costs and a multi-annual operational budget for its evaluation activities. This enables the Office to operate beyond the boundary of a fiscal year, which is essential for its work program of evaluations, many of which cross that boundary. At each June session of Council the annual budget is approved for the next fiscal year, whereas the multi-annual budget receives another tranche to ensure commitments can be made that go beyond the next fiscal year.

In June 2012, for the second consecutive year, the annual budget was presented on a zero increase basis. However, the Office noted in the Work Program for fiscal year 2013 that a zero increase basis would be impossible to maintain in the coming years and proposed to Council that funds would be transferred from the multi-annual budget to the annual budget, within the overall cap for GEF-5 as established in the four year work program of the Office for GEF-5, as approved in May 2011.

The work program of the Office in fiscal years 2014 and 2015 consists of ongoing work in the four evaluative streams of the Office – Country Portfolio Evaluations, Impact Evaluations, Performance Evaluations and Thematic Evaluations – as well as the finalization of three additional evaluations. The three additional evaluations consist of the Fifth Overall Performance Study, the mid-term evaluation of STAR and the mid-term evaluation of NPFE/CSP. These three evaluations have created a temporary increase in the multi-annual budget of the Office in fiscal year 2013. Given the fact that these evaluations are now in the final stages, the request for additional funds in the multi-annual budget is considerably lower for fiscal year 2014 and 2015 and Council is requested to approve additional funds of \$ 0.9 million.

On the annual budget, an increase is proposed to \$ 3.28 million to shift staff currently funded out of evaluation budgets into the regular annual budget of the Office. This increase is made possible by a commensurate decrease in the multi-annual budget of the Office. Overall, the \$ 3.28 million for the annual budget and the \$ 0.9 million for the multi-annual budget constitute a decrease in funding request of \$ 1.56m from the request for fiscal year 2013. The overall cap of \$ 18.563 million for the GEF-5 period is maintained. Current budgeting amounts to \$ 18.555 million so remains within this cap.

The Office continues to keep track of international best practices in budgeting for evaluation. In International Financial Institutions evaluation budgets of the independent evaluation departments tends to increase with inflation or more, despite zero increases in administrative budgets. The UN is moving from budgeting on the basis of 1 percent of the programming budget of the agency to 3 percent. This trend reflects the operational role of evaluation as a means to ensure accountability and to contribute to learning.

The Boards of the World Bank and IMF continue to fund their evaluation office budgets separate from the corporate and administrative budgets of these organizations, as they feel that including them in these budgets raises issues of independence and does not reflect the proper relationship of evaluation budgets to what needs to be evaluated. The Evaluation Office will look

into this issue in the framework of OPS5 so that this can be taken up in the replenishment negotiations.

In the framework of the Fourth Overall Performance Study a professional peer review was undertaken of the evaluation function of the GEF. In paragraph 24 of the Terms of Reference of OPS5, approved by Council in June 2012, a second peer review is foreseen for the first half of 2014, so that its conclusions can be taken up by the Council in June 2014, when the current Director would be out-going (leaving in September 2014) and a new Director would be selected.

In recent years the Office has faced difficulties in accessing data of completed projects and more recently in field verifications of on-going projects. Field visits to two projects could not take place due to prolonged discussions with an executing agency which defended its initial refusal to provide access by referring to the contract it had signed with the GEF Agency concerned, which did not stipulate access of the GEF Evaluation Office to the project. The Agency concerned has meanwhile added this legal requirement to future projects. The recent problems undermine the independence and usefulness of evaluations. For this reason the Office proposes a Council decision that urges the GEF Agencies to ensure reasonable, timely and adequate access of the Office to projects that are included in evaluations. The proposed Council decision should set the process in motion to identify legal barriers and remove them. Given that this is an operational rather than a substantive issue, the Council decision should not be tracked in the Management Action Record, but should be reported on in the next Work Program and Budget of the Evaluation Office.

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## **THE WORK PROGRAM AND BUDGET OF THE OFFICE FOR GEF-5**

1. In May 2011 Council approved the work program of the GEF Evaluation Office for the GEF-5 period.<sup>1</sup> Furthermore, Council approved an annual budget for administrative costs of the Evaluation Office and a multi-annual budget for its evaluation activities. The move towards a multi-annual budget for evaluations had become necessary, as many evaluations are implemented from one fiscal year into the next and funds to be committed for these evaluations need to be available in advance in the financial system of the World Bank. This has functioned well during the first two years of the multi-annual budget.

2. The annual budget of the Office contains salaries and benefits, operational costs and other costs that can and should be planned on an annual basis. Recognizing the severity of the budget crisis in many countries, this budget has been kept at a zero growth level in fiscal year 2012. This has only been possible through the elimination of one senior position. In fiscal year 2013 another position had to be eliminated to maintain zero growth level. The Office cannot continue without staff to lead and support evaluations. The GEF Evaluation Office follows the model established in the independent evaluation departments of the International Financial Institutions, which combine internal and external expertise in its evaluations. The annual and multi-annual budgets are therefore intricately linked. In its Work Program for fiscal year 2013, the Office announced that for fiscal year 2014 a shift of funds would be needed from its multi-annual budget to the annual budget to ensure adequate staffing of the Office and to ensure that overall funding of evaluations would remain within the overall amount needed for the GEF-5 programming of evaluations, as approved by Council in May 2011.

3. Currently both the annual and multi-annual budgets of the GEF Evaluation Office are considered to be part of the administrative budget of the GEF. This does not constitute international best practice. It is proposed that the replenishment negotiations take this issue into account and formulate a new budgeting process for evaluation in the GEF in GEF-6. OPS5 will provide more information and background on international best practices in evaluation.

4. In the framework of the Fourth Overall Performance Study a professional peer review was undertaken of the evaluation function of the GEF. In paragraph 24 of the Terms of Reference of OPS5, approved by Council in June 2012, a second peer review is foreseen for the first half of 2014, so that its conclusions can be taken up by the Council in June 2014, when the current Director would be out-going (leaving in September 2014) and a new Director would be selected.

5. The following sections present the Office's work program for the four streams of evaluations – Country Portfolio, Impact, Performance, and Thematic – and the implementation of knowledge sharing activities that support the implementation of the GEF M&E Policy. This work program is detailed and fully budgeted for the full period of GEF-5. Approval is sought for the additional funds that are needed in fiscal year 2014, to ensure that the multi-annual budget remains adequate for commitments that span fiscal years 2013 and 2014. Lastly, the report

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<sup>1</sup> See the Joint Summary of the Chairs, May 26, 2011, paragraph 12.

contains sections on human resources, international best practice in funding of evaluation and on access to projects.

## **COUNTRY PORTFOLIO EVALUATIONS STREAM**

6. As per the GEF-5 work program and budget of the Office approved by Council in May 2011, country-level evaluations are conducted on a rolling basis. All country-level evaluations and studies are discussed in the country concerned at a final workshop. Furthermore, in the case of Country Portfolio Evaluations (CPE), the country is invited to provide a response to the evaluation. This is not the case for Country Portfolio Studies (CPSs), which have a more limited scope and formulate lessons rather than recommendations. All country-level evaluations are published on the Office website. Annual reporting on findings and recommendations takes place in the Annual Country Portfolio Evaluation Report (ACPER), which is presented to Council at its spring session.

7. The Office is continuing to implement the multi-annual country portfolio evaluation cycle for GEF-5. After completion of the Latin America and Caribbean (LAC) region reported last year in the ACPER 2012, the Office plans to complete by the 3<sup>rd</sup> quarter of 2013 at the latest the coverage of country-level evaluations in the Asia and Pacific region started during the last quarter of 2011. In the last months of 2012 the Office launched country-level evaluation work in the Sub-Saharan Africa region with the Tanzania and Eritrea CPEs. The Tanzania CPE, launched in September 2012, is expected to be completed by October 2013, while the Eritrea CPE, launched during the 2<sup>th</sup> quarter of 2012, will be completed in October 2013. In May 2013 a CPS has been launched in Sierra Leone in partnership with the UNDP Evaluation Office, with completion scheduled before the end of 2013. The Office plans to report to Council on the Sub-Saharan Africa region in the ACPER 2014. In the coming years further country-level evaluations will follow in the two remaining GEF regions, namely Middle East and North Africa (MENA), and Europe and Central Asia (ECA).

8. The multi-annual country-level evaluation budget was prepared at the beginning of GEF-5 on the basis of the quantitative criteria indicated in the countries selection procedure. These include the diversity, financial weight and maturity of the portfolio.<sup>2</sup> Country-level evaluations in large recipient countries were budgeted at \$195k; mid-size country portfolios were budgeted \$120k-\$145k; relatively small portfolios were budgeted at \$80k-\$100k; and CPSs were budgeted at \$60k per study. Budgets of CPEs and CPSs planned for FY14 and FY15 have been readjusted on the basis of the experience gained so far with the completed evaluations and considering the costs (travel and other) that are specific to the remaining regions to be covered (see Table 1). One CPE in Africa has been dropped to ensure overall savings in the budget. CPEs and CPSs for the MENA and ECA regions are still to be identified. The plan is to conduct one medium size CPE in both regions, a CPS in MENA and one large portfolio CPE in the ECA region.

9. The FY12 actual expenditure amounts to \$ 565k. When this figure is added to the FY13 estimated actual expenditure it gives a total expenditure of \$1.1 million for the biennium FY12-

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<sup>2</sup> The country's selection procedure is available on the Office website ([www.thegef.org/gef/node/2054](http://www.thegef.org/gef/node/2054)). The final choice of countries per region is done on an ongoing basis on the grounds of the qualitative criteria also indicated in the selection procedure, which include evaluability and synergies with evaluations conducted by the independent evaluation offices of GEF Agencies as well as with thematic subjects on the GEF Council agenda, amongst others.

13. The budget for FY14 is \$460k, whereas \$440k is budgeted for FY15. Of the last amount, \$220k needs to be available for commitments in FY14 in the multi-annual budget.

<b>Table 1 – Country level evaluations budget for GEF-5</b>							
In \$k		<b>FY12</b> <i>(actuals)</i>	<b>FY13</b> <i>(revised budget)</i>	<b>FY13</b> <i>(est. actuals)</i>	<b>FY14</b>	<b>FY15</b>	<b>Totals</b>
<b>LAC</b>	OECS Cluster CPE	57	0	0	0	0	57
	Brazil CPE	239	50	50	0	0	289
	Cuba CPE	148	0	12	0	0	160
<b>Asia</b>	India CPE	44	97	97	0	0	141
	Sri Lanka CPE	38	145	81	0	0	119
	Pacific Islands CPE	0	106	143	26	0	169
	East Timor CPS	39	0	0	0	0	39
<b>Africa</b>	Tanzania CPE	0	154	124	94	0	218
	Eritrea CPE	0	70	28	80	0	108
	Sierra Leone CPS*	0	31	0	35	0	35
<b>MENA</b>	CPE	0	0	0	115	45	160
	CPS	0	0	0	30	30	60
<b>ECA</b>	CPE1	0	0	0	0	220	220
	CPE2	0	0	0	0	145	145
<b>Totals</b>		565	653	535	380	440	1,920

\* The initially planned Burundi CPS has been replaced with the Sierra Leone CPS following discussions with the UNDP Evaluation Office

## **IMPACT EVALUATIONS STREAM**

10. Impact evaluation at the GEF Evaluation Office aims at assessing impact of GEF support and to provide knowledge to the GEF partnership on ways to improve by:

- (a) determining incidence, extent and nature of impacts
- (b) developing a better understanding of the processes through which impacts take place and the factors at play
- (c) assessing and reporting on the quality of information on impact of GEF activities

11. In the remainder of the GEF-5 period the impact team intends to address these objectives by undertaking the following major activities and deliverables. The **impact evaluation on GEF support to climate change mitigation** focuses on mitigation activities supported by the GEF in four emerging economies – China, India, Russia and Mexico. The approach paper and fieldwork for the evaluation has been completed and a draft of the final report is currently under review.

12. The **impact evaluation of the GEF support to protected areas** will be jointly undertaken with the UNDP Evaluation Office; this has entailed additional steps that have slowed down the progress of the evaluation. During FY 2013 the approach paper will be completed, preliminary analysis has identified data sets that will be used in during the first phase of the evaluation and an evaluation team has been assembled. The evaluation will be composed of two phases. The first phase will include a quasi-experimental analysis based on global databases and an analysis of terminal evaluation of completed projects. The second phase will include a series



of case studies that will do in-depth analysis on issues identified during the first phase that require further assessment.

13. In fiscal year 2013 proposals for GEF full size projects were reviewed to assess the quality of **impact measurement arrangements**, as presented at CEO endorsement. A follow up review of this assessment will look deeper into impact M&E during the second half of FY14.

14. **Analysis of broader adoption** will be undertaken as a follow up on the progress to impact review carried out for the First OPS5 report. It will look in greater depth at the factors affecting broader adoption of the results of GEF completed projects. For FY14 an additional \$40k is required to finish the in-depth analysis of progress toward impact.

15. Progress on these activities is being reported to the GEF Council through the Annual Report on Impact. This paper presents the revised expenditure estimates the activities of the impact team for FY12 and proposed budget for the period FY13 – FY15. One impact evaluation has been dropped to ensure savings in the evaluation budget.

<b>Table 2 – Impact evaluations budget for GEF5</b>						
In \$k	<b>FY12</b> <i>(actuals)</i>	<b>FY13</b> <i>(revised budget)</i>	<b>FY13</b> <i>(est. actuals)</i>	<b>FY14</b>	<b>FY15</b>	<b>Totals</b>
International Waters Impact Evaluation	261	10	35	0	0	296
Climate Change Impact Evaluation	0	150	73	87	0	160
Biodiversity Impact Evaluation	0	150	18	230	30	278
Reviews on impact measuring arrangements	70	0	0	70	70	210
Progress to impact review of completed projects	0	90	90	40	0	130
Impact evaluation for an additional focal area evaluations	0	0	0	0	150	150
	331	400	216	427	250	1,224

## **PERFORMANCE EVALUATIONS STREAM**

16. Performance evaluations undertaken by the GEF Evaluation Office assess the internal dynamics of participating organizations, instruments, mechanisms, and management practices. They include evaluations of institutional and procedural issues across GEF focal areas, and assessment of experience with GEF strategies and policies, criteria and procedures. They also include periodic or special-purpose evaluations of a program's progress and plans, as well as assessments on research, knowledge/ market benefits and cost effectiveness over a span of years.

17. The **Annual Performance Report (APR)** is a feature product of the performance evaluation stream of work. Based on the information received on completed projects, it presents a detailed account of the performance of the GEF portfolio in terms of project results, processes that may affect project results and monitoring and evaluation (M&E) arrangements. The GEF Agencies are required to prepare a terminal evaluation report at the operational completion for all GEF full sized and medium sized projects and programs. The GEF M&E policy requires

independent terminal evaluations, or, alternatively, an independent review of the terminal evaluation. Several GEF Agencies have an established process in place whereby their independent evaluation office reviews and validates terminal evaluations and assesses the quality of terminal evaluation reports. Where a GEF Agency lacks an independent review process, the GEF Evaluation Office will review the terminal evaluation reports. For APR 2013, which will be prepared during FY2014, the performance evaluation team will review those projects for which no independent review was conducted. A sample of terminal evaluations reviewed by the independent evaluation offices of GEF Agencies will also be reviewed by the GEF Evaluation Office as part of the Office's quality assurance procedures. An estimated 40 to 50 terminal evaluations may be reviewed by the Office.

18. The Office had originally planned to undertake a quality of supervision review for executing agencies as part of APR 2012. However, due to extra work undertaken for OPS5 this review has been shifted to APR 2013 and will be carried out in fiscal year 2014.

19. During fiscal year 2013 the **mid-term evaluation of STAR** was initiated. The evaluation aims to assess the extent to which STAR has been able to deliver on its intended objectives, how its performance compares with that of RAF, the extent lessons learned from the RAF have been addressed in STAR, and areas for further improvement. The portfolio analysis, desk review of other resource allocation frameworks, online survey, field work, and panel review of design of STAR are underway. This evaluation will be completed in time to be an input to OPS5.

20. The mid-term evaluation of the **National Portfolio Formulation Exercise (NPFE)** was initiated in fiscal year 2013 and is underway. The evaluation aims to assess progress and effectiveness in delivering intended results. The evaluation is aimed at taking stock of the progress made in implementation of the NPFEs, their uptake and the extent these exercises are serving their intended purpose. These exercises will be evaluated within the context of the Country Support Program of the GEF. Work on this evaluation is mid-way and is expected to be complete by August 2013. The evaluation will be an input into OPS5.

21. An important service that the performance team is providing to the Evaluation Office is support for **portfolio analysis and database management**. Given the ongoing needs of portfolio analysis and to develop cleaner and more reliable datasets for OPS5, an additional amount needs to be budgeted for this service in fiscal year 2014.

<b>Table 3 – Performance evaluations budget for GEF5</b>						
In \$k	<b>FY12</b> <i>(actuals)</i>	<b>FY13</b> <i>(revised budget)</i>	<b>FY13</b> <i>(est. actuals)</i>	<b>FY14</b>	<b>FY15</b>	<b>Totals</b>
Annual Performance Report	135	130	86	175	150	546
STAR mid-term evaluation	0	200	126	100	0	226
NPFE mid-term evaluation	0	150	92	50	0	142
Database support and methodology development	10	50	65	25	25	125
	145	530	369	340	175	1029

## THEMATIC EVALUATIONS STREAM

22. The thematic evaluation team conducts evaluations of cross sector topics ranging from strategies and policies to cross-cutting programs. The second Annual Thematic Evaluations Report was submitted to the Council at its November 2012 meetings which provided an overview of the ongoing work program for the thematic evaluations and presented the main conclusions and recommendations for the **Evaluation of the GEF Focal Area Strategies**. During fiscal years 2012-2014 this evaluation stream is coordinating the work of the Fifth Overall Performance Study of the GEF (OPS5). One of the first activities leading into the first report of OPS5 was the Evaluation of the GEF Focal Area Strategies. In fiscal year 2014 further work on the focal areas strategies will be conducted on the growing trend of multi-focal area projects.

23. In FY13 work started on the **Evaluation of GEF Enabling Activities** which will continue in FY14. The evaluation aims to provide the GEF Council and Secretariat with lessons learned from implementing Enabling Activities and evaluative evidence of the role of Enabling Activities in the overall catalytic effect of the GEF, as indicated through previous evaluations conducted by Office. The evaluation is in its final phase, which will assess trends in the Enabling Activities portfolio, and explore capacity development and the efficiency and effectiveness of the Enabling Activities modality through case studies. Some of the case studies will include the assessment of NAPAs and their follow-up. The main findings and recommendations of the evaluation will be incorporated into OPS5.

24. In fiscal year 2014 the Office will start work on reporting from a focal area perspective in the **Annual Thematic Evaluation Report**. It will cover topics related to focal area strategies, trends in convention guidance, and trends in achievements by focal area. Special topics will be featured each year in response to developing issues in GEF programming in a similar manner as the APR.

<b>Table 4 – Thematic evaluations budget for GEF-5</b>						
In \$k	<b>FY12</b> <i>(actuals)</i>	<b>FY13</b> <i>(revised budget)</i>	<b>FY13</b> <i>(est. actuals)</i>	<b>FY14</b>	<b>FY15</b>	<b>Totals</b>
Evaluation NCSA	90	0	0	0	0	90
Evaluation Enabling Activities	20	190	70	50	0	140
Evaluation FA Strategies	86	218	60	75	0	221
OPS5 (incl. preparatory work)	29	841	150	920	0	1099
Annual Thematic Evaluation Reports	0	0	0	40	100	140
<b>Totals</b>	<b>225</b>	<b>1,249</b>	<b>280</b>	<b>1,085</b>	<b>100</b>	<b>1,690</b>

25. The **Fifth Overall Performance Study of the GEF First Report: Cumulative Evidence on the Challenging Pathways to Impact** was submitted to the first replenishment meeting in April 2013 and work is ongoing on the final report of OPS5. The budget numbers for OPS5 have been included in the thematic evaluation budget line, as the thematic team is

coordinating the work for OPS5 under the leadership of the Director of the Office. The work for OPS5 will continue into fiscal year 2014 to produce the final report of OPS5 which will be presented to the third replenishment meeting in December 2013. Commitments for the final report will be in place before the end of the fiscal year 2013, but expenditure will pick up in fiscal year 2014 as products from the various teams and consultants will be coming in. The overall budget for GEF-5 for the thematic evaluation stream is presented in table 4. One thematic evaluation has been dropped to ensure savings.

## **KNOWLEDGE MANAGEMENT**

26. During fiscal year 2014, the Evaluation Office will continue focusing on the **dissemination of findings and learning emerging from OPS5**, essential for the GEF replenishment discussions. To accomplish this task, in addition to produce the OPS5 final report, the office will be introducing new multi-media products that will provide stakeholders and interested parties, with a convenient and interactive way to access not only OPS5 first and final reports but also all the other studies, documents and reports linked to this evaluation. Also, these new products will be developed to collect and disseminate information based on performance, impact, country portfolio and thematic evaluations.

27. The Evaluation Office will be putting more emphasis on the development of **webinars and blogs** in order to reach a wider audience, especially at national and community levels. This type of interaction has shown to be an excellent and effective way to communicate findings and lessons, as they can be accessed at any time and place through the internet. They also function as a platform to discuss and disseminate professional approaches and methods with professionals in the area of evaluation around the world.

28. As regards **publications**, following a plan implemented in the office last year and taking into consideration the current trend of access to information via web and tablets, the Evaluation Office will move from the practice of mass printing to a more environmental friendly “on demand” printing. This approach consists of focusing on electronic copies or eBooks that will be available on the website of the Office and in printing only a small number of copies of the evaluation reports upon request.

29. During fiscal year 2014, the Evaluation will continue working in the development of its communities of practice, Climate-Eval and The Comprehensive Evaluation Platform for Knowledge Exchange – CEPKE. The main activity for Climate-Eval in FY14 will be the preparation of an International Conference focusing on natural resources management arising issues in monitoring and development.

<b>Table 5 – Knowledge management budget for GEF-5</b>						
In \$k	<b>FY12</b> <i>(actuals)</i>	<b>FY13</b> <i>(revised budget)</i>	<b>FY13</b> <i>(est. actuals)</i>	<b>FY14</b>	<b>FY15</b>	<b>Totals</b>
Communication and knowledge sharing	111	51	51	21	25	208
Communities of practice	19	25	25	25	25	94
Records management & web tools	66	85	85	89	50	290
<b>Totals</b>	<b>196</b>	<b>161</b>	<b>161</b>	<b>135</b>	<b>100</b>	<b>592</b>

### **MULTI-ANNUAL EVALUATION BUDGET**

30. The multi-annual budget, as presented in table 6, currently has available \$ 5 million for evaluations from fiscal year 2012 continuing on into fiscal year 2014. Sufficient funding needs to be made available to ensure that the regular work program of the Office can be carried out, as well as OPS5 and the mid-term evaluations that are envisaged. An additional amount of \$ 0.9 million will allow the Office to do this. Table 7 contains the overview of additional funding needed for fiscal years 2014 and 2015. The requested amount of \$ 0.9 million is based on expectations of commitments that need to be entered into during fiscal year 2014. The request is substantially lower than the request of \$ 3 million in fiscal year 2013, which included the extra expenditure related to OPS5 and the two mid-term evaluations (STAR and NPFE). Furthermore, it includes a budget reduction of approximately \$ 0.3 million that allows for an increase in the annual budget of the office.

31. Overall the multi-annual evaluation budget of the Office was calculated at \$ 7.1 million for the period FY12-15. The revised budget, which shifts funding from extended term consultants and temporaries to regular staff of the Office, leads to a total of \$ 6.4 million. Savings in evaluation budgeting have been achieved for a total of \$ 0.7 million over the period FY12-15.

<b>Table 6 - Multi-annual budget FY13-FY15 (in \$k)</b>					
	<b>FY12</b> <i>(actuals)</i>	<b>FY13</b> <i>(est. actuals)</i>	<b>FY14</b>	<b>FY15</b>	<b>Totals</b>
Country Portfolio Evaluations	565	535	380	440	1,920
Impact Evaluations	331	216	427	250	1,224
Performance Evaluations	145	369	340	175	1,029
Thematic Evaluations	225	280	1,085	100	1,690
Knowledge sharing/management	196	161	135	100	592
<b>Totals</b>	<b>1,462</b>	<b>1,561</b>	<b>2,367</b>	<b>1,065</b>	<b>6,455</b>

<b>Table 7 - Multi-annual budget request FY14-FY15 (in \$k)</b>	
Multi-annual budget approval for FY12 and FY13	2,000
Multi-annual budget approval for FY13 and FY14	3,000
Available for commitments and expenditure FY12-FY14	5,000
Expenditure in FY12	1,462
Estimated expenditure in FY13	1,561
Balance for FY14	1,977
<b>Budget for FY14</b>	
Budget for FY14	2,367
Already approved	1,977
Additional approval required for FY14	390
Budget required for FY15	1,065
Approval needed for FY14 and commitments for FY15	510
<b>Requested approval for multi-annual budget</b>	<b>900</b>

### **EVALUATION OFFICE ANNUAL BUDGET**

32. The Evaluation Office's budget and expenditure in fiscal year 2013 are shown in table 8. For two years in a row the Office has kept its annual budget at a zero growth level to reflect the concerns due to the international credit crisis and the need for international organizations to reduce administrative costs. However, as argued elsewhere in this report, evaluation budgets – including staff costs – should be related to the “evaluandum”, i.e. to the work that evaluators need to do, rather than to overall administrative expenses. The additional work burden of evaluations has been accommodated in the Office through hiring of extended term consultants and temporaries who would undertake work that should be done by regular staff that could not be hired as a result of the zero growth level. This practice cannot continue and the situation should be corrected through a budget correction. This is now made possible because of a substantial reduction in the multi-annual budget of the Office.

33. The move to new offices brought the promise of a lower general operations costs budget. However, this appears not to have materialized and the Office was confronted with higher operational costs than expected. This has been accommodated through a lower staff cost budget, which was achieved by leaving one evaluation officer position open. Extra expenditure for GEF meetings and network meetings is due to the Expanded Constituency Workshops and other network meetings that require staff of the Evaluation Office to attend.

34. The annual budget for fiscal year 2014 cannot be maintained at zero growth level. Several problems have contributed to this. One is the gradual increase of salaries and benefits of staff due to World Bank rules and regulations. Whereas the work burden is currently at the top due to OPS5 and two mid-term reviews, the Office now has less staff than at the start of GEF-5. It is proposed to bring the Office back to a reasonable level of staffing, through adding one evaluation officer, one junior professional and one program assistant.

<b>Table 8 - Annual Budget Overviews FY11 and FY12 (in \$k)</b>			
	<b>FY12 Act. Exp.</b>	<b>FY13 Budget</b>	<b>FY13 Est. Exp.</b>
<b>Fixed Costs</b>			
Staff Cost	2,166	2,295	2,136
General Operations Costs	363	355	415
<b>Total Fixed Costs (A)</b>	<b>2,529</b>	<b>2,650</b>	<b>2,551</b>
<b>Variable Costs</b>			
Management & Advisory Support	62	10	65
Publications	56	35	30
Networks & GEF Meetings	86	45	94
<b>Total variable costs (B)</b>	<b>204</b>	<b>90</b>	<b>189</b>
<b>Totals</b>	<b>2,733</b>	<b>2,740</b>	<b>2,740</b>

35. The addition of staff can be funded while remaining within the overall budget of the GEF Evaluation Office for GEF-5, by shifting funds initially budgeted for the multi-annual budget to the annual budget. This shift leads to a decrease of the overall amount budgeted for GEF-5 for the multi-annual budget with \$ and an increase of the annual budget with \$. Overall the Office will remain within the projected amount of \$ 18.56 million for the GEF-5 period.

<b>Table 9 - Annual Budget for FY13 (in \$k)</b>				
	<b>FY13 Budget</b>	<b>FY13 Exp. (Est.)</b>	<b>FY14 Budget</b>	<b>FY15 Budget</b>
<b>Fixed Costs</b>				
Staff Cost	2,295	2,136	2,705	2,705
General Operations Costs	355	415	410	420
<b>Total Fixed Costs (A)</b>	<b>2,650</b>	<b>2,551</b>	<b>3,115</b>	<b>3,125</b>
<b>Variable Costs</b>				
Management & Advisory Support	10	65	40	40
Publications	35	30	30	25
Networks & GEF Meetings	45	94	95	90
<b>Total variable costs (B)</b>	<b>90</b>	<b>189</b>	<b>165</b>	<b>155</b>
<b>Totals</b>	<b>2,740</b>	<b>2,740</b>	<b>3,280</b>	<b>3,280</b>

36. The overall cap of \$ 18.563 million for the GEF Evaluation Office for the period FY12-FY15, as calculated in the work program and budget of the Office for the GEF-5 period approved by Council in May 2011, will be maintained, as shown in table 10.

<b>Table 10 - Overall budget of GEF EO for the GEF-5 period (FY12-FY15) in \$million</b>	
Revised annual costs	12,100
Revised multi-annual costs	6,455
Total for GEF-5	18,555
Work Program and Budget for GEF-5 period of 2011:	18,563

## **BEST INTERNATIONAL PRACTICE IN FUNDING EVALUATION**

37. The Office continues to keep track of international best practices in budgeting for evaluation. In International Financial Institutions evaluation budgets of the independent evaluation departments tends to increase with inflation or more, despite zero increases in administrative budgets. The African Development Bank recently decided to increase the evaluation budget of its Evaluation Department with 30 percent. UNDP has maintained funding levels for evaluation even while overall budget cuts of more than 15 percent had to be accommodated in the organization. The UN is moving from budgeting on the basis of 1 percent of the programming budget of the agency to 3 percent. This trend reflects the operational role of evaluation as a means to ensure accountability and to contribute to learning.

38. The Boards of the World Bank and IMF continue to fund their evaluation office budgets separate from the corporate and administrative budgets of these organizations, as they feel that including them in these budgets raises issues of independence and does not reflect the proper relationship of evaluation budgets to what needs to be evaluated. The Evaluation Office will look into this issue in the framework of OPS5 so that this can be taken up in the replenishment negotiations.

## **HUMAN RESOURCES**

39. In recent years the number of regular (open ended and term) staff of the Office has decreased in order to keep the annual budget of the Office, from which salaries and benefits are paid, at a zero growth level. The gaps in staffing have been filled through hiring extended term consultants, who are paid out of the multi-annual budget of the evaluations they are supporting. However, the continuity of staffing at the Office is endangered through this solution, as extended term consultants are allowed two years of hire, after which they cannot be rehired as extended term consultants.

40. The problem now needs to be solved, as further reductions in regular staff would be inevitable if funding of the annual budget would continue at zero level growth. The reason is that the GEF Evaluation Office has always fully used its annual budget and thus zero level growth cuts into existing staff levels, because salaries and benefits keep growing with salary adjustments according to performance and to inflation correction. The GEF cannot set the salary policies of the World Bank and has to accept the general rules of remuneration of the Bank. The Office is now structurally understaffed with 3 positions that need to be funded out of the annual budget but are currently funded out of the multi-annual budget and are fulfilled by consultants and temporaries.

41. It is proposed to “normalize” the positions concerned and shift them from consultant/temporary status to regular staff. The shift of funding from the multi-annual budget to



the annual budget will allow this. The staffing of the Office in FY14 shows an increase versus FY13, but it should be emphasized that this is not an increase but a shift.

FY13 actual		FY14 proposed
1	Director	1
1	Chief Evaluation Officer	1
4	Senior Evaluation Officers	4
1	Senior Evaluation Operations Officer	1
3	Evaluation Officers	4
1	Knowledge Management Officer	1
1	Junior Professionals	2
1	Senior Program Assistant	1
1	Program Assistant	2
14	Total regular staff	17
2	Extended Term Consultants doing regular work	0
1	Extended Term Temporary	0
17	Regular staff plus consultants	17

#### **ACCESS OF THE OFFICE TO ON-GOING AND COMPLETED EVALUATIONS**

42. During the course of the GEF Country Portfolio Evaluation in India the Evaluation Office was not able to conduct field verification for two POPs projects implemented by UNIDO, namely the completed ‘Development of a National Implementation Plan in India as a First Step to Implement the Stockholm Convention on POPs’ project (GEF ID 1520), and the ongoing ‘Environmentally Sound Management and Final Disposal of PCBs in India’ project (GEF ID 3775). At first access was denied because the contractual arrangement between UNIDO and the national executing agency did not specify that access should be granted to the GEF Evaluation Office. In November 2012, after intervention from the Indian Operational Focal Point, the national executing agency agreed to facilitate field verification. However, when concrete steps were taken to initiate the field verification, the national executing agency added the condition that representatives from UNIDO and the national executing agency should be present to “oversee” the field work being conducted. This condition was unacceptable as it would have compromised the independence of the evaluation. The evaluation team could have requested interventions from the Indian Operational Focal Point and UNIDO, but it had to drop the field verification for these two projects to avoid adding further delays to ensure a timely finalization of the GEF Country Portfolio Evaluation in India. Meanwhile UNIDO has included a contractual obligation in new contracts with executing agencies to ensure access of the GEF Evaluation Office. Furthermore, UNDP has introduced similar contractual obligations in its new contracts.

43. During the evaluation of GEF support to the South China Sea and Adjacent Areas, the Office encountered difficulties in obtaining environmental baseline and monitoring data from projects that were under implementation as well as completed. The data was necessary for assessing the environmental impact of GEF-supported projects, as these would allow the evaluation to identify the geographical coverage of the interventions, and the extent of environmental change that had taken place as a result of that impact. Repeated requests were made during face-to-face meetings, phone calls and emails over the course of several months for

reports that contained data at the site level. Responses were received at least one month later, with the reason given that staff did not have the time to provide the information, as they were busy with project activities, and/or that the information was not in a form easily accessible to the Office. Appeals to the GEF Agencies concerned led to release of (often incomplete) data. These issues slowed the progress of the evaluation, and in many cases, prevented analyses from being made to the full extent. The problems were raised with Council during its November 2012 session, leading to a Council decision directed at the Agencies (Joint Summary of the Chairs of the 43rd GEF Council Meeting, paragraph 16):

*"The Council requested 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."*

44. The issue of access to data and of physical access to ongoing and completed projects is relatively new – no such problems occurred in the period 2004-2011, except for the (to be expected) difficulties in tracing staff of completed projects, who had meanwhile moved on to other positions or retired. The recent problems undermine the independence and usefulness of evaluations. For this reason the Office proposes a Council decision that urges the GEF Agencies to ensure timely and adequate access of the Office to projects that are included in evaluations. The Office has always recognized that there are reasonable limits to access: there has to be agreement on timing, on the burden of requests, on physical access to sites and on meetings with staff, but the obstacles that should be removed are obstacles of a legal nature (where project executing agencies claim that their contracts do not stipulate that they need to provide access) or where data funded by the GEF have not been made accessible, or where the independence of the Office is not recognized and restrictions are posed on how the access would take place. The proposed Council decision should set the process in motion to identify legal barriers and remove them. Given that this is an operational rather than a substantive issue, the Council decision should not be tracked in the Management Action Record, but should be reported on in the next Work Program and Budget of the Evaluation Office.

45. Paragraph 46 of the GEF Monitoring and Evaluation Policy states that the EO Director "may propose to the Council any measure that he or she believes is necessary to ensure evaluation independence". This is such an issue and it is for this reason included in the Work Program and Budget of the Evaluation Office, as it touches upon the operations of the Office.