

GEF Council Meeting
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Agenda Item 05

MANAGEMENT RESPONSE TO THE ANNUAL REPORT ON IMPACT

(Prepared by the GEF Secretariat)

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INTRODUCTION

1. This is the Management Response, prepared by the GEF Secretariat, with reference to document GEF/ME/C.45/01, Annual Report on Impact, undertaken by the GEF Evaluation Office. The management response is directed towards the evaluation report's primary focus on the impacts of GEF support through climate change mitigation projects in four countries (China, India, Mexico, and Russia).
2. The GEF Secretariat welcomes the evaluation assessment highlighting the progress made by the Secretariat to address barriers to broader adoption in a comprehensive way and improve the measurement of greenhouse gas (GHG) emission reduction linked to GEF projects. The Secretariat also agrees with the recommendations of the evaluation to continue the current focus on interventions that tackle barriers to broader adoption in a comprehensive way. The Secretariat is concerned by the recommendation to develop ex-post GHG emission reduction verification.
3. The response to the specific conclusions and recommendation of the evaluation are provided below.

CONCLUSIONS

Conclusion 1: 16 of the 18 projects assessed have resulted in significant direct GHG emission reduction of around 6 million tons of CO₂ equivalent per year. Indirect GHG emission reduction, achieved through causal links from the projects to other activities, is estimated 10 times higher than direct emission reduction, but could not be verified.

4. The GEF Secretariat welcomes the conclusion that the assessed projects achieved significant emission reductions, both direct and indirect.
5. The GEF Secretariat is pleased that significant positive economic development impacts, job impacts, local benefits and a general awareness for the importance of climate change mitigation and energy savings has been achieved, in addition to the GHG emissions reduction.

Conclusion 2: Broader adoption of technologies, approaches and strategies tested by GEF projects was observed in 17 cases and they included pathways of broader adoption identified in the GEF Theory of Change Framework.

6. The GEF Secretariat is pleased that almost all the projects assessed facilitated and experienced broader adoption of technologies. It is noteworthy that all five pathways for broader impact of GEF projects could be traced in the assessed projects.
7. The GEF Secretariat welcomes the finding that among the fourteen projects with ratings above moderate impact, all of them included multiple pathways, ranging from sustaining, replication, scaling-up, to market change. The GEF Secretariat is encouraged that several projects, including the Bus Rapid Transit project in Mexico, achieved replication with significant scale-up effects at the regional level.

8. The GEF Secretariat is pleased that many projects experienced replication through the private sector, all supported by national institutions, strategies, or policies.

Conclusion 3: Projects demonstrating high progress towards impacts are those which have adopted comprehensive approaches to address market barriers and to initiate supportive policy frameworks.

9. The GEF Secretariat concurs with the conclusion that comprehensive approaches addressing market barriers are necessary to facilitate market transformation. The details provided in the full report are informative and appreciated.

Conclusion 4: Expert and stakeholder opinions on counterfactuals indicate that GEF support initiated processes toward impacts in 8 projects, and that in 7 projects GEF support speeded up existing processes, whereas in 2 projects GEF support ensured that existing processes were improved to reach international standards.

10. The GEF Secretariat welcomes the conclusion that GEF-financed projects, by and large, have been instrumental in initiating processes towards impacts, speeding up existing processes, and/or helping reach international standards.

Conclusion 5: The methodology to measure GHG emissions and to calculate ex-post emissions reduction at project completion is not robust and contains uncertainties.

11. As acknowledged by the evaluation, standardized GHG accounting methodologies were introduced from 2008. The projects that have been CEO endorsed since then use these methodologies to estimate direct and indirect GHG emission reductions prior to project implementation. This effort has been pursued with further improvement of methodologies and introduction of new ones.

12. The GEF Secretariat acknowledges the evaluation conclusion that methodologies for the verification of emission reductions after project completion would be useful. The GEF Secretariat, however, is of the opinion that verifying ex-post emission reductions, particularly indirect GHG emission reduction, will also entail policy and organizational changes that need to be addressed along with methodology improvements. The current reporting requirement for the GEF projects does not extend beyond project completion, and therefore cannot capture all emission reduction that could occur beyond the project lifetime.

RECOMMENDATIONS

Recommendation 1: The current focus on interventions that tackle barriers to broader adoption in a comprehensive way should be continued and where necessary further strengthened in GEF-6.

13. The GEF Secretariat appreciates and welcomes the acknowledgement that the shift towards tackling broader adoption in a more comprehensive way is visible in GEF-5 projects.

The GEF Secretariat agrees that this effort should be continued especially toward ensuring a quicker progress toward impact. The GEF Secretariat looks forward to the final report of OPS5 on how to further strengthen the ongoing effort. The GEF Secretariat also agrees with the conclusion on the continued need to tackle barriers to broader adoption in a comprehensive way.

Recommendation 2: The measurement of GHG emission reduction, both direct and indirect, needs to be further improved. STAP should be requested to formulate a targeted research projects to ensure that over time assessments of direct and indirect GHG emission reductions can be verified.

14. The GEF Secretariat recognizes the usefulness of developing ex-post GHG emission reductions verification. As stated in the response to Conclusion 5, however, verifying ex-post emission reductions will entail policy and organizational changes along with methodological improvement. To address the need to improve the measurements of GHG emission reduction and verification, the GEF Secretariat suggests to initiate a dialogue, including STAP, on how direct and indirect GHG emission reductions from GEF projects may be verified.

Response from the STAP

15. The STAP welcomes Recommendation 2 and the related draft Council decision of document GEF/ME/C.45/01 “Annual Report on Impact”, which invites the STAP to take a significant role in providing further scientific and technical inputs to improve assessment of direct and indirect GHG emission reductions in GEF projects. The STAP is pleased to see independent support for evidence-based project / program design, and recognition of the role of targeted research to achieve this end. The STAP also concurs with the observations of the GEF Evaluation Office that there are at present methodological limitations in estimating GHG emission reductions.

16. The STAP will, in consultation with the GEF Secretariat, determine the best way of providing scientific and technical inputs, whether through a dedicated Targeted Research (TR) project, a STAP synthesis activity, a specific commissioned technical paper, or some other approaches. In preparation, STAP will review available GHG tools and develop an appropriate response plan during an upcoming STAP retreat in January, 2014. In addition, while evaluating possible improvements to existing tools and methodologies, there will be careful consideration, *inter alia*, of the following:-

- (i) The fit and complementarities with pre-existing sector-related tools and methodologies, in order to reduce duplication of effort and ensure best use of GEF and STAP resources in the exercise;
 - (ii) There should be careful assessment of likely end users of the tool since both the GEF and the agencies already have tools in use to measure similar parameters. One should also consider burden on the user, and have buy-in for collaborative improvement of any areas deemed lacking.
17. The STAP looks forward to taking this work forward with GEF partners.