

OPS4 LEARNING PRODUCTS #2

# CLIMATE CHANGE AND THE GEF

FINDINGS AND RECOMMENDATIONS FROM THE FOURTH OVERALL PERFORMANCE STUDY OF THE GEF



## About the OPS4 Learning Products Series...

The Monitoring and Evaluation Policy of the Global Environment Facility (GEF) states that monitoring and evaluation should contribute to knowledge building and organizational improvement. Findings and lessons should be accessible to target audiences in a user-friendly way. Evaluation reports should be subject to a dynamic dissemination strategy tailored to the audience for that specific report. By sharing findings and lessons widely, monitoring and evaluation contributes to increased awareness of the importance of global environmental benefits, confidence in GEF work, and leveraging of support.

To achieve this, the GEF Evaluation Office has created the **OPS4 Learning Products Series**. By presenting evaluative evidence from the Fourth Overall Performance Study (OPS4) of the GEF, these learning products intend to guide and support GEF stakeholders in applying success factors to strengthen project design and implementation, improve national policies, and enhance global environmental benefits.

This booklet presents evidence from OPS4 on GEF relevance and results in the climate change focal area as of August 2009. It examines the relevance of GEF climate change activities to convention guidance, analyzes the GEF's catalytic role in this focal area, reviews the progress of finished projects toward impact, and reflects on what this progress means for the GEF's climate change strategies.

Comments and suggestions for improving the Learning Products Series are welcome. These, together with requests for further information, should be addressed to [gefeo@thegef.org](mailto:gefeo@thegef.org).

Every four years the Global Environment Facility (GEF) is replenished by its donors. Each replenishment process has been informed by independent overall performance studies of the GEF. These studies have developed into authoritative reviews of the state of the art and of available knowledge on GEF functioning and results. The Fourth Overall Performance Study of the GEF (OPS4), completed in 2009 to serve as an input to the GEF's fifth replenishment, assessed the extent to which the GEF is achieving its objectives and identified potential improvements. Previous reviews were undertaken by outside experts; OPS4 was, for the first time in the history of the study series, undertaken by a GEF entity itself: the GEF Evaluation Office.

Another first for the study series is that OPS4 tackled the issue of the impact of completed GEF projects. It is clear that the GEF cannot, on its own, bring about solutions to the major global environmental problems of our time. The amount of funding is simply not enough, and these solutions have

to be accomplished by the governments and local communities of recipient countries and through actions in the developed world. However, evaluative evidence shows that most of the GEF's finished projects have achieved satisfactory progress toward impact. When the follow-up is in place that ensures the up-scaling of these achievements, longer term effects and impacts can be realized.

The scope of OPS4 was defined by a number of clusters and specific key evaluation questions, ranging from the full history of the GEF to a snapshot of the situation at a certain moment in time, from a few representative interventions to the full GEF portfolio. Impact analysis played a fundamental role in analyzing the results. Central to the OPS4 methodological approach was the implementation of the review of outcomes to impact (ROtI) methodology at the desk and field levels for the full GEF portfolio of projects. ROtI is one of the main approaches used by the GEF Evaluation Office to evaluate impact.

GEF climate change funding has supported a solid level of progress toward intended global environmental benefits, both in terms of the reduction or avoidance of greenhouse (GHG) emissions and sustainable market changes — although the GEF contribution is quite small compared to that required at the global level to ensure a more sustainable development path. Additionally, progress toward global environmental benefits depends on ongoing, long-term support from governments, the private sector, and local communities after a project has ended.

Upon examining direct lifetime emissions reductions or avoidance for a sample of 31 projects, actual carbon dioxide reductions achieved were higher than expected, as per the original project documents, and by a large margin. This is due in no small part to the success of a single project, Barrier Removal for the Widespread Commercialization of Energy Efficient CFC-Free Refrigerators in China, which was responsible for about 127,000 of the 225,000 (or 56 percent) kilotons of carbon dioxide emissions reduced in the energy efficiency cohort.

## OPS4 INFORMATION SOURCES

OPS4 gathered evidence from

- 2,389 completed, ongoing, and approved GEF projects
- 215 terminal evaluation reports of all finished GEF projects since OPS3
- 57 countries
- 24+ evaluation reports
- 28 case studies and technical documents

## OPS4 FINDINGS IN CLIMATE CHANGE

The GEF brings clear added value to its role of solving global environmental problems. Its unique position as a financial mechanism of multilateral environmental agreements enables it to focus on priorities that have been agreed upon internationally and directly influence national governments on these issues.

The **GEF Energy Conservation Project in China** achieved total energy savings directly from the project amounting to 5.92 million tons of coal equivalent by the end of 2006, exceeding the target of 5.22 million tons of coal equivalent. Associated carbon dioxide emissions reductions already achieved amounted to 5.06 million tons, against a target of 3.77 million tons.

As shown in table 1, **energy efficiency projects** appear to have been the main driver in bringing about this level of performance. **Renewable energy projects** seem to have achieved less than half the emissions reduction/avoidance levels targeted; other projects achieved only part of their expected target.

## THE GEF CLIMATE CHANGE PORTFOLIO

Since 1991, the GEF has invested \$2.743 billion in 659 climate change projects. The GEF Trust Fund has been the primary source of funds for these grants, but support in this focal area is also provided by two other GEF-managed funds, the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF). Tables 2 and 3 present GEF support to the climate change focal area by number of projects and funding as well as by allocations to geographic regions.

**TABLE 2 NUMBER OF GEF PROJECTS BY FOCAL AREA**

PHASE	CLIMATE CHANGE	ALL FOCAL AREAS
Pilot	41	114
GEF-1	141	378
GEF-2	215	628
GEF-3	166	793
GEF-4	96	476
All	659	2,389

Source: GEF Project Management Information System, through June 30, 2009.

In terms of geographic distribution, almost 40 percent of the GEF funding in climate change has been invested in Asia (\$1.074 billion).

The majority of GEF funding in the climate change area has supported projects in energy efficiency; a

**TABLE 3 GEF INVESTMENT IN APPROVED CLIMATE CHANGE PROJECTS BY REGION**

REGION	MILLION (\$)	% OF GEF TOTAL
Africa	485	17.7
Asia	1,074	39.1
Latin America and the Caribbean	516	18.8
Europe and Central Asia	385	14.0
Global and regional	284	10.3
All	2,743	100.0

Source: GEF Project Management Information System, through June 30, 2009.

smaller percentage has supported renewable energy initiatives.

■ Energy efficiency technologies and practices have received \$363 million.

**TABLE 1 DIRECT LIFETIME CARBON DIOXIDE EMISSIONS REDUCTION AND AVOIDANCE FOR A SAMPLE OF COMPLETED GEF PROJECTS**

PARAMETER	RENEWABLE ENERGY PROJECTS (N = 11)	ENERGY EFFICIENCY PROJECTS (N = 19)	OTHER PROJECTS <sup>a</sup> (N = 3)
Expected reduction (kilotons)	22,603	147,694	23,706
Actual reduction (kilotons)	10,465	225,846	17,605
Cost \$ per ton of carbon dioxide	2.71	0.45	2.22
Cost \$ per ton of carbon dioxide: GEF amount + cofinancing	7.02	2.13	7.60

Source: OPS4.

a. Other projects = energy service companies, geothermal, carbon reduction/sequestration.



- Renewable energy projects have received about \$36 million; these have focused on promoting market approaches.
- Projects involving new low-GHG-emitting energy technologies (particularly from biomass) have received about \$60 million.
- Land use, land use change, and forestry has received about \$31 million in support, as has promotion of sustainable innovative systems for urban transport.

### CLIMATE CHANGE BY THE NUMBERS DURING GEF-4

- 96 projects approved (\$446 million)
- 16 project identification forms approved (\$25 million)
- 22 projects approved in the multifocal area with a climate change component (\$51 million)

## RELEVANCE OF GEF ACTIVITIES TO CONVENTION GUIDANCE

During GEF-4, the Conference of the Parties (COP) of the United Nations Framework Convention on Climate Change (UNFCCC) met three times, generating GEF-related guidance on several issues including technology transfer, national communications,

the impact of the Resource Allocation Framework (RAF), and simplification of processes in the GEF. Guidance was also provided regarding the LDCE and the SCCF. Annex B presents an assessment by the GEF Evaluation Office of the GEF's responsiveness to convention guidance during GEF-4. In general, the GEF continues to be responsive to COP guidance on the promotion of technologies and practices for energy efficiency and renewable energy.

OPS4 assessed the quality of reporting by the GEF to the conventions and the relationships between the GEF and the convention secretariats. It found that, in this regard, there is room for further improvement. Specifically, the GEF Council does not receive direct feedback from the conventions on its reports. Also, further clarification of roles regarding the various components of the GEF would be useful in improving coordination and communication.

Regarding national communications to the UNFCCC, as of August 2009, very few countries had requested funding for their third and/or fourth communication. Only one has been approved (Argentina's third communication); two other projects are under consideration for Council approval (Brazil and a global project involving 50 countries). In terms of projects in the climate change area, 94 percent of projects targeted environmental priorities defined in national development plans, programs, and strategies (77 percent mitigation and 18 percent adaptation); the remaining 6 percent of projects were for national communications.

## THE CATALYTIC ROLE OF THE GEF

The GEF's catalytic role is embodied in its approach of moving from **foundational activities** focusing on creating an enabling environment; to **demonstration activities**, which are innovative and show how new approaches and market changes can work; to **investment activities** that scale these previous endeavors up to a national level to achieve sustainable global environmental benefits. Demonstration, innovation, and market barrier removal do not work if there is no follow-up through investment or scaling up of financial means. Replication and up-scaling can be considered either an impact driver or desired intermediate state, depending on the time frame in which it is anticipated the replication or scaling up will take place.

Although there are elements of demonstration in foundational projects, and of foundation and investment in demonstration projects, overall — with the exception of GEF-1 — the GEF funding pattern over the three categories has been remarkably consistent. The share of foundational activities has gone down gradually over time, from 20 percent in the GEF pilot phase to 6 percent in GEF-4. The share of demonstration activities has, with the exception of GEF-1, been higher than 45 percent and rose to more than 65 percent in GEF-4. The share of investment has been more or less stable at between 15 and 23 percent; it had reached 43 percent in GEF-1.

As shown in table 4, about two-thirds of the GEF funding in climate change has been provided for demonstration projects. This is because most of the foundational activities are related to national communications, which account for a relatively small amount of funding.

**TABLE 4 DISTRIBUTION OF GEF FUNDING FOR CLIMATE CHANGE BY CATEGORY (%)**

CATEGORY	PERCENTAGE
Foundation	8
Demonstration	66
Investment	23
Unable to assess	2
Total	100

Source: GEF Project Management Information System, through June 30, 2009.

For fragile states, small island developing states, least developed countries (LDCs), and landlocked countries, the number of foundational activities outnumbered demonstration and investment combined, unlike the other recipient countries of the GEF.

## PROGRESS TOWARD CLIMATE CHANGE IMPACTS

### MITIGATION

About 38 percent of the climate change project cohort has made **strong progress toward global**

### A SUCCESS STORY IN CHINA IN REPLICATION AND SCALING UP

The objective of the GEF project on Energy Conservation and Greenhouse Gas Emissions Reduction in Chinese Township and Village Enterprises was to reduce GHG emissions in this sector by introducing new energy efficient technologies. A crucial factor in the project's success was the selection of appropriate technologies — those that were more easily demonstrated and replicated and that would also reduce costs for businesses. A market demand for reducing energy costs had been growing in China, so the new technologies were brought to the market at a suitable time. Strong government support and the availability of additional financing to businesses accelerated replication. Preferential policies, laws, regulatory frameworks, and government endorsement of new technology were driving forces outside the direct reach of the project. Additionally, a commercial bank provided financing many times higher than originally planned due to the profitability of lending. It has been estimated that more than 500 replications took place outside the direct influence of the project in the brick, cement, metal casting, and coking sectors. This number could not be substantiated because replication was not tracked systematically. The project thus had unexpectedly achieved greater GHG reductions and scored remarkable demonstration and replication results, leaving behind a strong sustainability legacy.

**environmental benefits**, based on achievement of expected outcomes, as measured by the ROTI method and their progress toward the intermediate states likely to be necessary for them to reach their global environmental objective.

At the other performance extreme, 22 percent of projects have made **no progress toward their intended global environmental benefits** and are therefore considered highly unlikely to achieve them. The remaining 40 percent of the projects were in the **moderate progress** range, which indicates that they have produced results with the potential to contribute to global environmental benefits, but have not yet begun to take the necessary steps to do so. Additional support will need to

be actively engaged to move forward after project closure, but the means and institutions to supply this support were not planned for or put in place by the project, so the future is uncertain.

In financial terms, about half of the funding (55 percent) provided by the GEF was spent on projects that made strong progress toward global environmental benefits; a further third of the funding was spent on projects with a medium level of progress.

### ADAPTATION

On the adaptation front, no progress toward impact can be recorded yet, since the vast majority of the

adaptation portfolio funded by the GEF under the Strategic Priority for Adaptation in the GEF Trust Fund, the SCCF, and the LDCF is still in early implementation. An independent evaluation of the LDCF was conducted in 2008 and reported on in OPS4. SCCF will be evaluated in the near future. Following is a description of the three funds managed by the GEF and a summary of the findings of the LDCF evaluation jointly undertaken by the Evaluation Department of the Danish International Development Agency (DANIDA) and the GEF Evaluation Office.

**Strategic Priority on Adaptation.** The GEF Council allocated \$50 million to support projects on adaptation that deal with global environmental benefits. As of the end of fiscal year 2009, the Council had approved 22 projects totaling \$47.4 million from the GEF. About half of these are in the biodiversity focal area, 35 percent in land degradation, and 20 percent in international waters. The GEF Evaluation Office recently finalized an evaluation of this program for presentation at the November 2010 meeting of the GEF Council.

**Special Climate Change Fund.** The GEF created the SCCF, in response to COP decisions, to finance activities in adaptation; transfer of technologies; and energy, transport, industry, agriculture, forestry, and waste management. Additionally, the fund can support activities to assist developing countries whose economies are highly dependent on income generated from the production, processing, and export or on consumption of fossil fuels and associated energy-intensive products in diversifying their

economies. Thus far, about \$114 million has been approved under the fund, covering 38 projects. About three-quarters of the funding has gone to adaptation (27 projects).

**The Joint LDCF Evaluation.** The LDCF was established by the GEF in response to a 2001 UNFCCC COP decision to support the LDC climate change work program, including the preparation of national adaptation programs of action (NAPAs), identification and funding of urgent and immediate adaptation actions in LDCs, and strengthening of national capacity. The joint evaluation of the LDCF found the following:

- The GEF has fulfilled the UNFCCC request to set up a separate fund for LDCs, which has been

capitalized. The fund has covered the agreed full cost of preparing all relevant NAPAs, and 41 of 48 have been completed.

- It has taken an average of four years to prepare a NAPA. NAPAs are important statements of LDC needs for urgent and immediate adaptation actions. They have contributed at an early and critical stage to increasing awareness in LDCs of climate change adaptation challenges and priority adaptation needs. Some have become key government statements of adaptation needs.
- Priorities identified in NAPAs are largely project-type interventions targeting specific activities in single sectors: food security, early warning systems and disaster relief, education and

## LESSONS FOR THE ESTABLISHMENT OF GLOBAL FUNDS FOR CLIMATE CHANGE ADAPTATION

- The scale of financial resources and the reliability of replenishment are crucial.
- Funds that need to be mobilized quickly require a clearly defined program design, with an overall management strategy focusing on performance and achievements within set deadlines, and must swiftly generate a program pipeline with projects ready and mature enough for financing.
- In countries with limited technical and human resource capacity, bottlenecks will occur in project preparation that will prevent the full benefits of adaptation considerations from being integrated into national policies and programs.
- The ability to monitor and track achievements and results needs to focus not only at the project level but also at the program level.
- The emergence of new funds for adaptation demands that the sequencing and synchrony of funds' objectives, targets, and duration be carefully considered to maximize coverage and impact.

capacity development, human health, and water resources. The NAPA processes have not directly addressed thematic and transformative approaches required for more effective adaptation planning and implementation.

- Following NAPA completion, it has taken an average of one year and four months (450 days) for priority project identification forms (PIFs) to be approved by the LDCF: 320 days for the country and GEF Agency to prepare a PIF to be submitted to the GEF, 100 days for the PIF to be endorsed by the GEF Chief Executive Officer, and 30 days for the PIF to be approved by the GEF Council.

## FACTORS THAT FOSTER PROJECT SUCCESS

Progress toward global environmental benefits in the climate change focal area refers largely to market transformation processes, which are longer term. For example, successful projects in Asia achieve early and sustained government support, outperform market competition, and supply cost reductions to end users. Also, they more readily integrate project activities into larger government objectives and legislative frameworks. There appears to be a strong relationship between outcome and impact achievement. The introduction of a given technology in a demonstration project, for example, has the potential to lead directly to impact in terms of GHG emissions reductions.

### KEY FACTORS TO ACHIEVE IMPACT

- Strong government support
- Integration of project activities into larger government objectives
- Introduction of new technology

## FACTORS THAT PREVENT PROJECT SUCCESS

Complex market transformations are difficult to attain, more so in the renewable energy arena than in energy efficiency. Failure to deliver results, particularly when market transformation processes are

involved, mainly relates to external assumptions and factors that influence impact achievement.

The lack of any or all of the following characteristics may keep a project from achieving results:

- Strong government commitment, whether national, provincial, local, or municipal, depending on the level of intervention
- An adequate and coherent set of financial, policy, tariff, and tax incentives in place to bring about changes in behavior and the market
- Adequate resources for scaling up demonstration efforts (both from the government and

### FOR SUSTAINABILITY, CHANGE MUST BE SUPPORTED

The Western Java Environmental Management Project received \$1.74 million in GEF funding. This project was part of a much larger World Bank intervention, totaling over \$20 million, which was itself the first of a three-phase program.

The project's targeted global environmental benefit was reduced methane generation — and therefore reduced GHG emissions — to be achieved by composting the organic fraction of municipal solid waste and using the compost instead of synthetic fertilizers.

The overall conclusion of the field ROtI was that the project has led to changing attitudes toward waste management and has put in place the underlying laws and processes for integrated waste management systems to support composting. However, the government regulations, incentives, and markets needed before the desired global environmental benefit could be reached had still not been delivered three years after project completion. Thus, although the project received a satisfactory outcome rating at completion, it had not been able to support changes in government regulations and incentives and had made poor progress toward delivering its intended global environmental benefit. Action can be taken to bring the satisfactory outcomes toward intermediate states.



the private sector, as relevant to the replication model pursued)

- Identification and involvement of the key stakeholders in a given market and the continued commitment of those key stakeholders after project end
- A sound prefeasibility assessment on the development of a given renewable energy or energy efficiency market
- Cost-effectiveness of the technological shift proposed in view of the market and alternatives
- An adequate capacity (national, provincial, or local) to design, implement, manage, and monitor good investments

## RESULTS-BASED MANAGEMENT AND TRACKING TOOLS

The GEF's climate change tracking tools are a mix of enabling environment-type indicators and some project-specific outputs or outcomes. This information would be useful to the GEF Secretariat and also, to some extent, for evaluation purposes.

The major challenges entailed in the use of the climate change tracking tools do not particularly involve the tools themselves, which seem sound enough in principle, but in who will gather accurate

data in the field and who in the Secretariat will have the time and expertise to develop the tools. These tracking tools will need a very substantial effort for data collation, quality assurance, and analysis; this would need specific resources in the GEF Secretariat if it is to be done properly. If these resources are not forthcoming, the tools will not be useful at all. The challenge now is to ensure sufficient resources during GEF-5 and to integrate indicators that derive from the progress from outcome to impact review into the tracking tools.


## OPS4 RECOMMENDATIONS

### MITIGATION

- **Relevance to COP guidance.** Significant measures have been taken to improve communication between the GEF and the convention secretariats. This initiative will need to continue and should focus on improving the quality of guidance. The future GEF allocation system should exclude funding for communications to the conventions, since they are mandatory and are supposed to be paid in full by the GEF. Prioritization for implementing convention guidance should be at the national level. Within this prioritization process, issues eligible for GEF support can be identified. The GEF should be responsive to new guidance from the conventions between replenishments, either by including an unallocated amount in the replenishment or by accepting additional funds between

replenishments to enable implementation of new guidance. Reporting from the GEF to the conventions should include a critical assessment of GEF experience in project implementation, as well as its experience in incorporating convention guidance into its strategies and program priorities. Convention focal points need further involvement in the GEF at the national level (that is, GEF committees should require the participation of convention focal points) and the global level.

- **Catalytic role of the GEF.** Funding levels in the GEF should increase substantially to enable the GEF to play its full catalytic role in all recipient countries to ensure that global environmental benefits are achieved. At the project level, guidance on design, implementation, monitoring, and evaluation of the project's catalytic role should be encouraged to ensure better tracking and measurement of the GEF's catalytic effect. The Evaluation Office will encourage this through making its methodological framework, data, and findings available for further discussion and elaboration in the GEF partnership.
- **Progress toward impact.** To reach their full potential contribution toward global environmental benefits, GEF projects need to be designed and implemented as much as possible to ensure local ownership, continued government support, and ongoing availability of funding after project closure. However, the support of such actors cannot be guaranteed by any



project. This suggests the value of a portfolio approach at the national level, which currently exists only in the larger GEF recipient countries. A portfolio approach that includes national GEF programming and follow-up, including monitoring, supervision, and evaluation, will enable recipient countries to fully support and maximize progress toward global environmental benefits.

- **Tracking tools.** Based on emerging evidence on impact drivers essential for progress toward global environmental benefits, the GEF Secretariat should ensure that its tracking tools fully encompass this longer term perspective. The GEF Council should approve and finance what could be a substantial exercise: developing and monitoring indicators for progress toward impact, integrated into the results-based management system of GEF-5.

## ADAPTATION

These recommendations are based on the evaluation of the LDCF conducted by DANIDA and the GEF Evaluation Office.

- **Issues requiring the attention of the UNFCCC parties.** Consider the future role and institutional arrangements of the LDCF, given that its context has changed since its creation. Additional funds have been created, additional information about the severity of climate change has become available that implies greater costs and urgency, and a precedent has been set by

the COP decision to endorse direct access for countries to the Adaptation Fund. Convene a multistakeholder dialogue to review the requirements for reform of the LDCF in terms of its governance structure and operations, including ways to achieve more expeditious access to funds, the role of the GEF Agencies, and support policy frameworks tailored to specific country needs.

- **Recommendations to LDC governments.** There should be a climate change adaptation planning cycle to coordinate the investment funds available from all sources, with ministries of finance and/or planning taking the lead. Governments should take NAPA findings into account when developing sectorwide approach programs and other sector investment programs. Governments should collaborate with development partner agencies in implementing NAPA priority activities designed to maximize national capacity development and integration into development and policy reform, and should seek alignment of their development support with LDC adaptation priorities as expressed in NAPAs. All NAPA priority projects should use evidence-based inquiry into the ways climate change effects are differentiated between genders, introduce measures that identify women's vulnerability to climate change, and listen to the voices of climate-vulnerable women.
- **Recommendations to the LDCF administration and the LDCF team in the GEF Secretariat.** The LDCF Council should draw on

lessons learned from LDCF performance in a more systematic way. LDCF management should introduce a common tracking procedure across agencies, so that the status of a given project may be found regardless of where it is in the cycle and with which agency it is in the process. For the LDCF to play a complementary role to the other emerging climate change financing mechanisms, greater responsiveness and flexibility of procedures will have to be introduced. The LDCF administration should establish a help desk or hotline with direct access for countries, GEF Agencies, and consultants working on project preparation, and promote systematic and inclusive learning and reflection processes initiated as part of NAPA priority activity implementation. More resources should be invested in programmatic implementation and careful scrutiny of the socioeconomic costs and benefits of climate change adaptation in terms of learning outcomes and knowledge generation. Resources should be invested in developing an understanding across different LDCs of the true escalating costs of climate change leading to adaptation needs. A knowledge base should be developed on climate change adaptation experiences at local through to national levels across LDCs where different types of governance systems prevail. The technical advice available to the LDCF administration should be strengthened through both a permanent advisory body and ad hoc groups for addressing specific thematic issues.

## APPENDIX A. OPS4 MAIN CONCLUSIONS AND RECOMMENDATIONS

NO.	CONCLUSION	RECOMMENDATION
<b>THE GEF IN A CHANGING WORLD</b>		
1	Global environmental trends continue to spiral downward.	Funding levels for global environmental issues need to rise substantially in order to tackle increasingly urgent problems.
2	The GEF has been underfunded since GEF-2, given the scope of its agenda, the guidance of the conventions, and its mode of operation.	The GEF-5 replenishment needs to offer a substantial increase over GEF-4, or the GEF will need to reduce support dramatically to focal areas, groups of countries, or modalities.
3	The GEF's link to international environmental agreements as a financial mechanism is an added value in tackling global environmental problems.	The GEF and the conventions need to interact to improve and focus guidance. Guidance should be prioritized at the national level.
4	The GEF's mode of operation through three levels of action — foundation, demonstration, and investment — brings an added value to its catalytic role.	The catalytic role of the GEF can be strengthened by increasing its funding level and by incorporating catalytic lessons in improved guidance and monitoring.
5	GEF support is relevant to national environmental and sustainable development priorities as well as to international and regional processes.	The GEF should further develop programming at the national level by supporting the creation of GEF national committees and GEF national business plans.
<b>PROGRESS TOWARD IMPACT</b>		
6	Seventy percent of finished projects show moderate to solid progress toward impact.	Progress toward impact in GEF-supported outcomes shows the value of a portfolio approach at the national level, which enables recipient countries to fully support and maximize progress toward global environmental benefits.
<b>ISSUES AFFECTING RESULTS</b>		
7	GEF projects achieve 80 percent moderately satisfactory and higher outcomes as compared to the benchmark norm of 75 percent, yet inefficiencies continue in the preapproval phase.	GEF project performance should be further strengthened through improved guidelines, a better fee structure, and strengthening of social and gender issues.
8	The Small Grants Programme continues to be an effective tool for the GEF in achieving global environmental benefits while addressing the livelihood needs of local populations, with special attention to reaching the poor.	The Small Grants Programme should be recognized as a GEF modality that should be available to all recipient countries.
9	Learning in the GEF is still not structurally and systematically encouraged.	Learning in the GEF should focus on cross-agency and cross-country learning and be consolidated in a corporate strategy.
10	Monitoring, tracking tools, and impact indicators are not yet fully integrated into a results-based management framework for the GEF.	The GEF should integrate impact indicators and measurements in a results-based framework for GEF-5.
11	Resources are managed relatively well in the GEF, but improvements are possible.	Improvements in resource management should focus on developing a new system for reserving funds for project ideas and reforming fiduciary standards and the fee system.
12	The governance model of the GEF compares well to that of other international organizations.	Governance can be further improved by ensuring a more substantive role for the Assembly, by addressing constituency problems, and by implementing a longer term process to achieve a better division between governance and management in the Council.
13	Tensions in the GEF partnership arise from programming and project identification issues; these in turn mostly stem from a lack of communication but are also due in part to fundamental questions on the appropriate roles of the GEF partners.	The Council should address tensions within the GEF partnership and provide guidance on roles and responsibilities.

## APPENDIX B. ASSESSMENT OF GEF RESPONSE TO COP GUIDANCE: CLIMATE CHANGE

GUIDANCE TO THE GEF BY THE COP	GEF RESPONSE	EVALUATION OFFICE ASSESSMENT OF RESPONSE
Support to address developing country needs for environmentally sound technologies	<ul style="list-style-type: none"> <li>■ Support to a global program, Technology Needs Assessment (TNA), has been launched, implemented by the United Nations Environment Programme</li> <li>■ Call for proposals for technology transfer pilot projects issued March 2009</li> </ul>	<ul style="list-style-type: none"> <li>■ Too early to assess, but GEF strategies in climate change are supportive of technology transfer, and the GEF supports improvements in the enabling environment at the national and regional levels that are necessary for technology transfer</li> <li>■ TNA project approved in June 2009</li> </ul>
Address gaps identified in the GEF regarding technology transfer; leveraging of the private sector	To be included in GEF-5	GEF report to the Subsidiary Body for Implementation 30 on the implementation of the Poznan Strategic Program on Technology Transfer
Report to COP16 on progress made above	The GEF to provide a report to COP15 (December 2009)	Under preparation
Fully address issues raised over the implementation of the RAF	Working with the GEF Country Support Program and regional constituency meetings	Not addressed substantially; very few group countries, for example, have accessed the GEF
Provide information on the nature of cofinancing of projects	Analysis included in the GEF report to COP15	The GEF report to COP15 provides information on cofinancing
Improve access of the GEF by small island developing states and African countries	Two programs have been approved to assist these countries in accessing the GEF—Programming: Pacific Alliance for Sustainability (PAS) and West African Programs	Within PAS, seven projects will address climate change adaptation and five mitigation; within West African Programs, about \$45 million is expected to be allocated for climate change
Support to third or fourth national communications by the end of GEF-4	The GEF will continue to meet the full agreed costs related to implementation of Article 12.1 of the convention	One project has been approved to support a third national communication (Argentina); others are in preparation
Communication with parties regarding the GEF reform agenda	Country Support Dialogue, constituency	Not able to assess
Use of national consultants	The GEF has conveyed this issue to the GEF Agencies	There is some evidence from country evaluations and studies that some recipient countries are relying less on international consultants
Simplify and streamline incremental cost	The GEF has approved new guidelines on incremental cost	The GEF Council has simplified; no validation of implementation



## APPENDIX C. GLOSSARY

**Activities:** The practical, time-bound actions that a project carries out to deliver the desired project outputs.

**Assumptions:** The significant factors that, if present, are expected to contribute to the ultimate realization of project impacts, but that are largely beyond the power of the project to influence or address.

**Global environmental benefits:** Lasting improvements in the status of an aspect of the global environment that safeguards environmental functioning and integrity as well as benefits human society.

**Impact:** A fundamental and durable change in the condition of people and their environment brought about by the project.

**Impact drivers:** The significant factors that, if present, are expected to contribute to the ultimate realization of project impacts and that are within the ability of the project to influence.

**Intermediate states:** The transitional conditions between the project's outcomes and impacts that must be achieved in order to deliver the intended impacts.

**Outcomes-impacts pathways:** The means-ends relationships between project outcomes and the intended impacts that describe the specific conditions or factors that are required in order to achieve impacts. Developing a clear understanding of the outcomes-impacts pathways is at the core of the ROtI methodology.

**Outputs:** The goods and services that the project must deliver in order to achieve the project outcomes. Outputs are within the direct control of the project to deliver.

**Outcomes:** The short- to medium-term behavioral or systemic effects toward which the project makes a contribution, and that are designed to help achieve the project's impacts.

**Review of outcomes to impact (ROtI):** One of the main approaches to impact evaluation used by the GEF Evaluation Office.

**Theory of change:** A theory-based evaluation tool that maps out the logical sequence of means-ends linkages underlying a project and thereby makes explicit both the expected results of the project and the actions or strategies that will lead to achievement of results.







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