

## **Joint Evaluation of the GEF Activity Cycle and Modalities**

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### **REVIEW OF EVALUATIVE EVIDENCE: META-SUMMARY**

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#### **Technical Paper 1**

Evaluation Component 2: Review of Related Evaluations and Documentation

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# 1. Evaluation Findings on the Activity Cycle

The present review is part of the Joint Evaluation on the Global Environment Facility (GEF) Activity Cycle and modalities, which is carried out in a joint effort of the evaluation offices of the GEF partner Agencies under the leadership of the GEF Evaluation Office. The Joint Evaluation consists of eight components. The purpose of this component is to review completed and ongoing evaluative work on cycle and modalities related to GEF projects. It aims to identify major trends in findings from evaluations on weaknesses and strengths of modalities and the cycle.

## Meta-Highlights

- Project designs often have a high degree of complexity and are overambitious.
- The current project cycle requirements often result in significant delays in all stages of the cycle, and there are concerns about transparency and accountability in the approval process.
- Capacity to develop and implement projects is lacking.
- There remains a deficiency in project monitoring and evaluation systems.

## 1.1 Project Design

Although the format of GEF project design has regularly changed and improved over the 15 years of the GEF's existence, throughout this time there have been consistent observations about the process through which GEF projects are developed and the final form they take. The efficiently designed, perfect GEF project is indeed rare, and thus the majority of evaluative findings on project design have focused on past weaknesses in the design process. The evolution of GEF project design has been in part in response to the constantly changing and evolving GEF policy requirements, as discussed in the Joint Evaluation report, chapter 3. Although there have been numerous evaluative findings on GEF project design, there has not been a full exploration of the relative importance of good project design versus good project implementation in contributing to project success. Other portions of the Joint Evaluation explore this question to the degree possible with the data available. Presented here are findings regarding GEF project design that have received the most attention in multiple GEF evaluations.

One of the most common findings on the design of GEF projects is that they are overly complex and too ambitious. This has been especially noted in the biodiversity focal area. As observed by the 2003 Project Performance Review (PPR), "GEF projects tend to include too many separate activities, resulting in lack of clarity about what the project objective actually is. Sometimes projects include activities whose relationship to the project objective is at best indirect or tangential."<sup>1</sup> The problems GEF projects seek to address are themselves complex and nuanced, but this does not mean they are well served by complex attempts to address them. The 2003 PPR continues, "Such complex projects with highly diverse components often involve several local organizational partners whose goals are not necessarily the same. These circumstances magnify the problem of project supervision and complicate the achievement of the project goals."<sup>2</sup> This problem was also discussed in evaluation findings in the 2001 PPR, the Review of Engagement with the Private Sector, the Review of Financial Arrangements in GEF Biodiversity Projects, and the 2004 Biodiversity, Climate Change, and International Waters Program Studies.

A second common finding is that the rigor and requirements of the project development process result in extended project pre-implementation time frames, which cause diminishing returns in project results. The Third Overall Performance Study (OPS3) of the GEF found, regarding the GEF Activity Cycle, that "the

design phase typically draws the most fire from stakeholders who feel that the phase takes too long, is nontransparent, and requires too much specialized expertise to write a design document that meets all of the GEF requirements.”<sup>3</sup> Extended project preparation time frames can be problematic for multiple reasons, but among the most common are:

- The problem that the project seeks to address may have changed (e.g., changing threats to biodiversity), or the proposed solution is no longer relevant (particularly important in the climate change focal area, which often deals with rapidly changing market conditions). According to the 2004 Climate Change Program Study, “a more dynamic and brief project development process would allow program countries to incorporate emerging lessons and priorities in a timely manner,”<sup>4</sup> and, as further highlighted by the 2004 Biodiversity Program Study, “In this world of nearly constant change, a project design—approved nearly 5 years after its conception—may need revision, before it even starts, to adapt to a changed operational environment.”<sup>5</sup>
- Partner organizations or stakeholders become interested in and buy in to the project in the project development facility (PDF) phase, but then the project preparation process necessary to meet the GEF requirements takes so long that partners and stakeholder groups lose interest and become disillusioned. For example, in the Integrated Ecosystem Management in the Prespa Lakes Basin project, the PDF-B phase allowed the project to undertake initial preparation and feasibility activities, which raised the expectations of local stakeholders. There was then a delay of more than a year between the completion of the PDF-B and the approval of the project document, during which time the local participants began to be very frustrated with the lack of progress.

The project approval process is integrated with the project design phase, in that a project’s design must often be modified multiple times before it is finally approved by the Agency, the GEF Secretariat, and the GEF Council. The lack of external transparency in this back-and-forth process, and lack of transparency with the eventual project approval, has often been highlighted as being a detriment to successful project start-up and implementation. “There is a perceived need to improve transparency and accountability in the feedback to proposers of projects. It was felt that the current text of OPs [Operational Programs] 8, 9, and 10 give insufficient guidance to project developers regarding such matters as the scope of each OP, the expectations regarding global benefits, and the relationships among other OPs (including those in other focal areas, such as biodiversity).”<sup>6</sup>

## 1.2 Project Approval to Effectiveness

By far the most common evaluation finding regarding the project approval process (to the point of project effectiveness/start-up) is the lengthy amount of time required for a GEF project to reach the final stage of approval. As previously described, the design and approval phases are interlinked and constitute a back-and-forth process; this is part of the reason why this process takes such a long time. In contrast, for example, in the “foundation model” of project finance, there is a deadline by which proponents must present a fully developed project proposal. A decision is then made on a yes/no basis within a relatively short time period.

The 2003 PPR noted that “The elapsed time of FPs [full projects] is generally always longer due to the nature and complexity of this type of project.”<sup>7</sup> A 2001 evaluation suggested that while this is an important issue in the land degradation focal area, it is not confined to this aspect of the GEF’s portfolio: “There often appear to be significant time lapses between various stages of project approval and action on the ground. This is not an issue confined to land degradation projects and needs to be addressed in a broader context.”<sup>8</sup> Indeed, the 2004 International Waters Program Study commented, “Huge delays (up to five years) in project start-up caused by lengthy negotiations among parties represent an immediate handicap, even before implementation begins.”<sup>9</sup> The persistent finding regarding the lengthy time of the

GEF Activity Cycle is one of the motivations for the undertaking of the Joint Evaluation. This issue is discussed in greater detail in the Joint Evaluation report, chapters 4 and 5.

### 1.3 Implementation

In addition to the long periods of time required to reach the point where a project has all the necessary approvals and conditions to begin start-up, there are often delays in the start-up and implementation process. As plainly stated in one GEF review, “In addition to the slow start, projects frequently fall behind schedule during implementation.”<sup>10</sup> The 2004 Climate Change Program Study report states, “Many projects also experience further delays and implementation and procurement problems—in spite of rigorous approval processes.”<sup>11</sup> This same source continues, “The reasons are many and varied. Key factors include the capacity of local implementation agents, the procedural burden of IA [Implementing Agency] implementation processes, the absence of adaptive and dynamic project management, erroneous assumptions of external factors mixed with a lack of preparatory activities, and non-availability or application of lessons learned.”<sup>12</sup>

A review of financial arrangement in GEF projects found that “Delays in implementation caused by identifying financial arrangements without adequately examining their relevance requires projects to re-think strategies, conduct important studies after the commencement of the project proper, and, in some cases, implement financial arrangements in an ad-hoc manner using trial-and-error processes which are lengthy and often unproductive.”<sup>13</sup> The 2002 PPR identified additional factors: “Factors contributing to the lengthy delays in effectiveness included: complicated legal processes for the approval of donor financed projects in some recipient countries; problems meeting legal requirements set by the World Bank; and delays in finalizing institutional arrangements.”<sup>14</sup>

One of the factors identified above, the “absence of adaptive and dynamic project management,” has been identified by multiple GEF evaluations as an important issue in and of itself. In the 2002 PPR the United Nations Environment Programme (UNEP) contributed this finding, which could be applied to the entire GEF portfolio: “Given considerable risks and uncertainties associated with most of UNEP’s GEF projects, flexible management of projects becomes essential. Flexible project management should ensure appropriate project monitoring and subsequent corrective actions.”<sup>15</sup> According to the 2004 Biodiversity Program Study, “Greater flexibility and room for innovation is needed to allow project implementers to rise to the occasion when confronted with changes in external factors, operational circumstances, or violations of assumptions.”<sup>16</sup>

Due to the consistent evaluative findings on this issue, there have been efforts to improve adaptive management in project implementation, but indications are that this remains an area in need of further attention. A recommendation of OPS3 states: “OPS3 recommends that the GEFSEC develop better guidelines, in consultation with the IAs, to back up the concept of adaptive management—there should be genuine flexibility and recognition of the need to avoid delays in mid-course corrections.”<sup>17</sup>

### 1.4 Project Monitoring and Evaluation

The primary message regarding monitoring and evaluation (M&E) coming from the broad base of GEF evaluative evidence is that there remains a deficiency in M&E systems, in particular with regard to baselines and indicators, and especially with regard to socioeconomic factors. This is another aspect of the GEF portfolio that has seen improvement over time, but in some cases where M&E systems are planned, they do not become operational, or implementation is delayed. This may be because in many projects sufficient resources for M&E are not planned or provided for. The 2003 PPR found that “Key performance indicator tables are often incomplete or the indicators are not tracked annually while baseline data are frequently missing,” and that there is a “continued focus on monitoring inputs and outputs rather

than on outcomes and results.”<sup>18</sup> In 2001 the Land Degradation Linkage study stated, “Monitoring and evaluation should include environmental and social indicators, and be linked to local, regional, and broader feedback into project design.”<sup>19</sup>

It has also been found, however, that to increase performance in this area, the GEF may need to prepare more guidance on the issue of project-level M&E. A 2004 review highlighted M&E issues specifically in relation to the private sector: “GEF needs to develop clear guidelines on the identification and measurement of global environmental benefits in each focal area, also in conjunction with private sector projects.”<sup>20</sup> Furthermore, “GEF needs more detailed guidelines on M&E systems for various types of private sector engagement. Subprojects of umbrella projects should submit annual reports on progress towards achieving objectives, including progress on establishing M&E systems.”<sup>21</sup>

Please see **table 1** in the annex to this report for a summary table of key recommendations related to the Activity Cycle drawn from GEF evaluations.

## 2. Evaluation Findings on Modalities

### Meta-Highlights

- Project modality imposes artificial time constraints which limit achievement of long-term benefits.
- Full-size projects are designed to maximize global environmental benefits, but take the longest to design and approve, which can reduce effectiveness and result in difficulties during implementation.
- Medium-size projects can be effective to support capacity development and identify opportunities for scaling up, but their pre-implementation phase can take as long as full-size projects’.
- The Small Grants Programme is well received by national-level stakeholders and increases GEF visibility, but small scale may limit global environmental benefits.

The GEF has three primary modalities and an array of secondary modalities. The majority of GEF funding is disbursed as full-size projects (FSPs), with much smaller portions being disbursed as medium-size projects (MSPs) or through the Small Grants Programme (SGP).<sup>22</sup> Within these modalities, there are country-specific projects, regional projects, multicountry projects, and global projects. In addition, there are enabling activities and corporate programs such as the Focal Point Support Program.<sup>23</sup> Some focal areas make use of unique modalities as well; for example, the international waters focal area relies heavily on the transboundary diagnostic analysis/strategic action plan (TDA/SAP). The GEF has also experimented with other modalities such as the “programmatically approach.”<sup>24</sup> Each of these modalities seems to have its own particular benefits and negative aspects. Yet, “in spite of the strengths and weaknesses of these modalities, they enable the GEF to respond to the diverse needs of its stakeholders. Moreover, the GEF has demonstrated a commitment to evaluating these modalities constantly for effectiveness and improvements.”<sup>25</sup> The SGP and MSPs have both been subjected to evaluations focused specifically on these respective modalities, and FSPs are included as the majority of the cohort for most GEF evaluations. The SGP is evaluated every three to four years, but MSPs have been evaluated specifically only once, in 2001, three years after the MSP modality was introduced.

Many evaluative findings on GEF modalities as a group relate to the rigidity of these instruments. It has been found that the “project-based” modality imposes artificial time constraints, which limits the

achievement of long-term benefits. According to the 2002 PPR, “The project modality often limits the duration of the GEF intervention and poses time constraints that hamper the achievement of the long-term benefits and sustainable outcomes and impacts. Whether a full project or an MSP, it is essential to set the project period realistically in order to allow for all activities to be undertaken with sufficient time as many of the processes involved are complex and time consuming.”<sup>26</sup>

An increasingly phased approach for GEF investment has often been cited as one possibility to help address this problem. As stated in the 2001 PPR, “Phased approaches to projects are seen as one of the essential modalities to be explored for introducing flexibility into project design and management. This will necessitate the careful development of indicators, closely related to the objectives of the project, and the introduction of triggers that would enable GEF to move into the next phase of the project.”<sup>27</sup> OPS2 also issued this finding: “There have been widespread complaints from country partners in regard to the length of processing times for MSP proposals, suggesting that the original expectations in respect to expedited processing have not been met.”<sup>28</sup> This sentiment was again repeated in the 2004 Biodiversity Program Study: “Projects should evolve gradually, at a pace that aligns well with the assimilation capacities on the ground rather than follow a ‘punctuated equilibrium’ of massive inputs reaching a saturation point early on. While this ‘trickle feed’ may result in a far longer Activity Cycle, or a cycle of phased or interrelated projects or interventions, a slower infusion of funds over a longer period of time should allow better absorption as well as the opportunity to scale up over time.”<sup>29</sup>

## **2.1 Full-Size Projects**

FSPs have tended to receive less specific attention as a modality in comparison to the SGP and MSPs, because they are typically “everything else” in the GEF portfolio. FSPs can range from \$1.01 million to more than \$30 million, they can involve one country or a dozen, and they can be limited to 2–3 years or stretch to more than 10. FSPs have been created as a modality to maximize the return in global environmental benefits from the GEF’s investment. However, “these projects tend to take the longest time to design and approve. Additionally, not all recipient countries can support FSPs in terms of need or country capacity.”<sup>30</sup> Other issues specific to FSPs, such as the amount of time required to design, approve, and implement an FSP, are discussed in other sections of the Joint Evaluation. Although the majority have been completed or canceled, there remain FSPs under implementation today that were approved during the GEF’s pilot phase more than 12 years ago.

## **2.2 Medium-Size Projects**

MSPs came into existence in 1998. There were high expectations for the MSP as a modality when it was introduced, and, not surprisingly, those expectations have not been wholly met. Multiple GEF evaluations have found that MSPs, on average, do not take proportionally less time to design and approve than FSPs. Many stakeholders find that it is not cost effective to apply for MSPs because the envelope is too small to be worth the time and effort.<sup>31</sup> As recounted by OPS3, “MSPs were designed to ameliorate some of the criticisms directed at FSPs by reducing project scope and streamlining the approval process, but according to the GEF Annual Performance Report (GEF/ME/C.25/1 2004), the time lag for approval of these projects is well beyond what was originally expected. Indeed, stakeholders interviewed by OPS3 noted that MSPs were being subjected to almost the same degree of scrutiny as FSPs.”<sup>32</sup> This finding was echoed in the Biodiversity Program Study as well: “Contrary to an original design intended as a smaller scale, simpler funding mechanism for NGOs [nongovernmental organizations], MSPs have grown in complexity with the result that they now go through virtually the same weighty preparation process as FSPs, which may carry budgets 10 times as large.”<sup>33</sup> Despite some positive efforts (see box 1) it would appear that, over the past five years from the MSP Evaluation in 2001 to OPS3 in 2006, little progress has been made toward lessening the design and processing burden of MSPs.

At the same time, much of the body of evaluative evidence regarding MSPs has been positive. The 2001 PPR stated, "Experience to date points to the value of MSPs as an effective instrument to support capacity development. Due to the diversity of executing agencies in the MSP portfolio, NGOs and small, local communities have benefited from GEF funding towards capacity building."<sup>34</sup> MSPs can also be employed to identify opportunities for larger scale efforts: "MSPs are well-positioned to help test the opportunities for what can be achieved through GEF funding, before new approaches are deemed suitable for scaling up into a full-sized project."<sup>35</sup> The 2001 MSP Evaluation highlighted many positive aspects of MSPs, but noted that the "assessment could not be comprehensive as only six of the 121 approved MSPs had been completed as the evaluation began."<sup>36</sup> The MSP Evaluation had many specific findings regarding MSPs as a modality, but found in general that "The most important types of MSP leveraging have been cofinancing, scaling up, and replication, in addition to positive impacts on government policies with implications for global environmental issues."<sup>37</sup>

**Box 1: "Action Plan to Respond to the Recommendations of the Medium-Sized Projects Evaluation," GEF/C.23/Inf.5, April 16, 2004.**

"The current two-tier review and approval process (by an Implementing Agency and by GEFSEC) may lead to inefficiencies in both length and quality of the approval process. Furthermore, in some instances, proponents receive three sets of comments...The Implementing Agency, working with its country office where appropriate, will seek to consolidate its comments into one set of formal views to a project proponent..."

"Given the variety of MSP proponents and the unique nature of MSPs in the GEF portfolio, it would be useful to have a designated staff member at the GEF Secretariat who would be responsible for monitoring the timely processing of MSP proposals and acting as a contact point for all MSP issues."

"In order to improve transparency and responsiveness, a tracking system for MSPs should be established that would allow public access to information as to where a project is in its processing...A specific proposal for improving the GEF database to achieve this will be developed..."

### 2.3 Small Grants Programme

The SGP undergoes an evaluation at the end of each of its operational periods. The most recent evaluation was completed in April 2003. This extensive evaluation covers many aspects of the SGP, but a generalization drawn from its pages describes the overall positive findings: "SGP has built on its strengths during [its second operational phase] while effectively addressing most of the weaknesses identified by the 1998 evaluation. Although there are still areas where improvements are needed, the generally high quality of SGP's portfolio includes an impressive range of innovative and effective projects that are consistent with the GEF's Operational Programs."<sup>38</sup> The evaluation did identify some areas for improvement as well, highlighting the generation of global benefits, and issues surrounding poverty, livelihoods, and the GEF focal areas as important issues of concern.<sup>39</sup>

Outside of the periodic SGP-specific evaluations, the SGP has received much less attention within other GEF evaluations, with the exception of the overall performance studies. OPS3 commended the SGP in saying "The SGP is well received by recipient countries and increases the visibility of the GEF," and that "Many recipient country stakeholders noted how effectively the SGP was responding to country priorities at the local level."<sup>40</sup> Furthermore, "The OPS3 team also heard anecdotal evidence from several groups of stakeholders...that SGP projects are more replicable than larger projects because their lower cost makes them easier to adopt in other places."<sup>41</sup> Other GEF evaluations have also found that in general smaller projects have a higher likelihood of sustainability.<sup>42</sup>

The OPS2 evaluation produced additional positive reviews of the SGP. The evaluation team "received very positive reports about the GEF/SGP in the countries they visited...National project portfolios include innovative and impressive projects characterized by strong stakeholder participation, and consistent with



GEF operational programs.”<sup>43</sup> The evaluation found that the main issue facing the SGP “related to meeting non-grant management costs. The extremely stringent budgetary rules on management overheads allows little flexibility for the national coordinator to carry out adequate information services and provide research support for improving the program’s focus...”<sup>44</sup>

## **2.4 Enabling Activities**

There have not been any evaluations carried out by the GEF Evaluation Office that focused specifically on enabling activities. As such, there is not a large body of evaluative findings regarding enabling activities. There was some insight regarding the biodiversity enabling activity portfolio in the 2002 PPR: “The biodiversity enabling activities portfolio is suffering from a large variation in speed of implementation by different countries. A concerted effort has been made to bring the countries into better synchronicity (for reporting, etc.) and speed implementation of slow countries. This is now beginning to show results.”<sup>45</sup> On the whole, enabling activities make up a relatively small percentage of the GEF portfolio. Considering all enabling activities across all focal areas, however, there is a significant amount of money that has been invested in enabling activities.

## **2.5 Project Development Facilities**

Similar to enabling activities, PDFs have not been evaluated in a comprehensive manner at any time throughout the history of the GEF, and as such there is relatively little evaluative evidence regarding PDFs. The 2004 Climate Change Program Study did explore the nature of PDFs in the GEF portfolio to some extent. This evaluation found that “Of the 206 projects approved so far [in the GEF climate change portfolio], about 25 percent can directly be traced back to a PDF. Not all PDFs culminate in projects; historically, climate change PDFs resulting in projects indicate rates of 34 percent for PDF-A and 49 percent for PDF-B and Cs. A more in-depth field analysis would be necessary to ascertain the determining factors.”<sup>46</sup>

## **2.6 Transboundary Diagnostic Analysis/Strategic Action Program**

The TDA/SAP is a modality applied in the international waters focal area. According to the 2004 International Waters Program Study, “The TDA/SAP process is a major element of an adaptive management strategy that sets long-term goals based upon environmental status targets and indicators that are achieved through a stepwise process of interventions guided by shorter-term stress reduction and process targets and indicators.”<sup>47</sup> The 2004 study looked specifically at this modality with regard to its usefulness for the international waters portfolio. The TDA component was found to be an effective tool, “provided that it sets appropriate boundaries, identifies all relevant stakeholders, conducts studies by joint fact finding (without excluding any relevant regional expertise), includes an appropriate balance of disciplines, identifies the socioeconomic causes of the transboundary problems identified, evaluates the institutional capacity, and makes all the information available to the stakeholders in a concise and non-jargonistic manner.”<sup>48</sup>

SAPs were also identified as being useful tools, with some qualifying statements: “Though the development of SAPs is showing encouraging progress, we are concerned that many of these outputs lack key elements that enable them to be useful operational documents.”<sup>49</sup>

## **2.7 Other Modalities**

Although there have been numerous discourses on the programmatic approach as a modality, it has not been fully embraced in the GEF portfolio to be organized. Occasionally in GEF dialogues it is not clear what is actually meant by “programmatic approach.” Since there has been little formal implementation of

a programmatic approach within the GEF portfolio, this modality has never been examined through an evaluative lens in the GEF context.

On the whole, the evidence indicates that each GEF modality has its strengths and weaknesses, and each modality fills a particular niche. GEF evaluations have found that “Small and medium-sized projects seem to have a good success rate and, under many circumstances, may be the best way to initiate new and innovative GEF activities.”<sup>50</sup>

Please see **table 2** in the annex for a summary table of key recommendations drawn from GEF evaluations relevant for modalities.

### **3. Evaluation Findings on the GEF Operational Principles**

#### **Meta-Highlights**

- Key GEF principles, though often highlighted, are not always fully put into practice.
- Replication has not received sufficient attention during design and implementation.
- Defining and justifying the incremental cost component has been a challenge.
- Country ownership is critical for project success, and the GEF is not as strong in this area as it should be.

The operational principles of the GEF have been a key tenant of GEF operations since the restructuring of the GEF in 1994. The operational principles are fully outlined in the GEF Operational Strategy, and are supposed to be represented within each GEF project. According to many GEF evaluations, however, this has not been fully achieved. Some principles have been more successfully incorporated and implemented than others. Evaluations have found that implementation of the monitoring and evaluation principle has improved significantly from the earliest stages of the GEF, although there is a need for additional progress. Other principles, such as the incremental cost principle, have remained problematic despite many efforts to facilitate implementation. Although each of the GEF principles has been addressed in various evaluations, this review focuses on the most critical and common findings regarding principles, and thus not all principles are discussed. The incremental cost principle has often been discussed in GEF evaluations, and many findings regarding this principle indicate that it is difficult to implement and that defining and justifying the incremental cost component is often a challenge. However, the GEF Evaluation Office is currently conducting a comprehensive review of the incremental cost principle, and thus this principle is not addressed in this component of the Joint Evaluation.

One general, but important, finding regarding GEF principles is that they are often promoted in theory more than they are actually put in practice when projects are carried out. According to the 2002 PPR, “Notions such as ‘adaptive management,’ ‘sustainability’ and ‘participation’ are frequently professed but are often not fully put into practice.”<sup>51</sup> Many GEF evaluations have findings regarding the need to better incorporate individual principles.

#### **3.1 Replication**

The global environmental problems that the GEF seeks to remediate are much larger than current GEF resources can possibly address. Therefore, the GEF relies on the replication of successful demonstration efforts to catalyze impact and expand its influence. Based on the findings of many GEF evaluations, projects often do not sufficiently incorporate replication plans. The identification of replication effects has

been a weak aspect of GEF operations, even when replication strategies are included in project planning documents. According to the 2002 PPR, “Replication is another area that requires more attention during project preparation and implementation. Project approaches to replication are often vague, and few PIRs [project implementation reviews] report on such activities.”<sup>52</sup> The 2001 PPR had also noted that “Replication of project results is not well planned or monitored. In general, GEF projects have not been operational long enough to gauge how well their replication is providing global environmental benefits. Still, most projects contain few provisions or plans for achieving or monitoring replication.”<sup>53</sup> Another review suggested that “The GEF Secretariat should re-examine the project review criteria on replication and make them more prominent in the review process.”<sup>54</sup>

### **3.2 Participation**

Public participation is critical to many different aspects of the GEF, and in particular is important during project preparation and implementation. As one evaluation noted, “Participation could be viewed as one of the important factors underlying the sustainability of a project.”<sup>55</sup> Often participation is considered one of the principles where the GEF has made the most progress, and in fact the GEF has its own public participation policy. There is always room for improvement, however, and the participation principle has received significant attention in evaluation findings. Undertaking a project development and implementation process in a participatory manner may actually contribute to the lengthy cycle. The 2003 PPR observed, “The participatory approach, preached by many GEF-funded projects, often turns out to be fraught with difficulties during implementation and is a major reason for delay in implementation.”<sup>56</sup>

In addition, while there might be good participation by some segments of project stakeholders, other segments may not receive enough attention. According to OPS3, “Despite GEF guidelines on marginalized groups and stakeholder participation, greater attention is needed to address the concerns and rights of indigenous peoples, and to more strongly consider gender issues in project design and implementation (particularly in rural, community-based projects).”<sup>57</sup>

### **3.3 Flexibility**

The flexibility principle, like the participation principle, can be applied within multiple areas of the GEF network and processes. In the context of GEF projects, flexibility is usually considered in terms of adaptive management within project implementation. The need for increased adaptive management and flexibility has been highlighted as a critical issue for GEF projects, which can have implications for successful project implementation. “It is important for the project to be adaptable and have flexible management in order to adjust to a changing policy, legal, and regulatory framework.”<sup>58</sup> This is especially relevant given the often lengthy project design process, as discussed previously. The 2001 PPR found that “The lack of projects’ flexibility to adapt to changing circumstances appears as a major issue. It is causing difficulties and possibly failures in GEF projects. Changes often occur, particularly given the long gestation periods of GEF projects, that require the ability to modify project design if the global objective is to be met.”<sup>59</sup> OPS3 highlighted the challenges the GEF faces in incorporating flexibility: “Adaptive management is difficult to work into the complex GEF system, which must be somewhat rigid to ensure accountability.”<sup>60</sup>

### **3.4 Country Ownership**

Each of the GEF principles contributes to potential project success in some way, and country ownership has shown to be necessary for project results to be sustained after a project has been implemented. There are many examples of good country ownership, but evaluations have emphasized that this is an area that must continue to be improved. “Supportive government laws and policies are necessary for project

success. When the host country government has pursued policies that reflect less than enthusiastic support for the project objective, it has posed obstacles to meeting that objective.”<sup>61</sup> Some obstacles to country ownership may be part of the current GEF system. According to OPS3, “The development and selection processes for GEF projects are not transparent, and as such, focal point approval does not necessarily translate into country ownership. Ensuring country ownership, however, is critical to project success and is a mainstay of ensuring alignment with national priorities. While there is no way for project criteria to guarantee that GEF projects are country driven or truly have country ownership in the current system, this is in fact essential.”<sup>62</sup>

Please see **table 3** in the annex for a summary table of key recommendations drawn from GEF evaluations related to the operational principles.

#### 4. Lessons Not Learned: Recurring Issues in GEF Evaluations

The following table highlights issues that have been raised throughout different GEF evaluations covering an extensive period of time, but continue to present difficulties within the current GEF system. In many cases, the same or similar recommendations have been made over a period of many years, with little progress toward improvement evident. One example is the finding that MSPs often require nearly as much time and effort to reach approval as FSPs; this has been noted in evaluations every year since 2001. The fact that many of these issues are raised time and time again point to a need for a comprehensive rethinking of the way the GEF does business.

Frequency of Reporting		
Issue	Number of times identified	Sources
Complexity of GEF projects	11	2003 PPR, Review of GEF Engagement with the Private Sector, Review of Financial Arrangements in GEF-Supported Biodiversity Projects, 2002 PPR, 2001 PPR, 2004 CCPS, 2004 IWPS, 2004 BPS, OPS3, OPS2, Local Benefits Study
Length/delays of/in GEF Activity Cycle	9	Review of GEF Engagement with the Private Sector, Review of Financial Arrangements in GEF-Supported Biodiversity Projects, 2002 PPR, 2001 PPR, 2003 PPR, 2004 CCPS, 2004 IWPS, 2004 BPS, OPS3
The “incremental cost for global environmental benefits” principle presents many challenges	8	Review of GEF Engagement with the Private Sector, GEF Land Degradation Linkage Study, 2004 IWPS, OPS3, 2004 BPS, 2004 CCPS, OPS2, Local Benefits Study
Insufficient attention to M&E aspects	7	2002 PPR, 2004 CCPS, 2004 IWPS, 2004 BPS, OPS3, 2003 SGP Evaluation, GEF Land Degradation Linkage Study
Concerns about transparency of design and approval process	6	Review of GEF Engagement with the Private Sector, 2004 IWPS, OPS2, 2004 CCPS, 2004 BPS, OPS3
There is a need for greater adaptive management/flexibility at the project level	6	OPS3, 2002 PPR, OPS2, 2004 CCPS, 2004 BPS, 2001 PPR
Length of time required for MSP approval	5	OPS3, 2003 PPR, MSP Evaluation, OPS2, 2004 BPS
SGP responds well to stakeholder needs	4	OPS3, 2003 SGP Evaluation, OPS2, 2004 BPS

#### **4.1 Summary: Activity Cycle**

The evolution of the GEF Activity Cycle has been in part in response to the constantly changing and evolving GEF policy requirements, as discussed in chapter 3 of the Joint Evaluation. One of the most common findings on the design of GEF projects is that they are overly complex and too ambitious. The problems GEF projects seek to address are themselves complex and nuanced, but this does not mean they are well served by complex attempts to address them. Another frequent finding is that the rigor and requirements of the project development process result in extended project pre-implementation time frames, which cause diminishing returns in project results. The lack of external transparency in the back-and-forth process of project design and revision, and lack of transparency with the eventual project approval, has often been highlighted as being a detriment to successful project start-up and implementation. Numerous GEF evaluations have identified the lengthy amount of time required for a GEF project to reach the final stage of approval and to begin implementation as a primary issue of concern. Despite much attention to this issue, there appears to have been little progress, as this issue was again raised in the 2005 OPS3 and 2005 APR.

#### **4.2 Summary: Modalities**

There are three primary modalities through which the GEF provides funding, and a supporting range of secondary modalities. Based on the findings from past evaluations, each of these modalities seems to have its own particular benefits and negative aspects. Recent evaluative findings have focused on the “project” as a modality. It has been suggested that the project modality imposes artificial time constraints, which limits achievement of long-term benefits. FSPs, as the largest of the project modalities, are designed to maximize global environmental benefits, but they usually take the longest to design and approve, which can reduce effectiveness and result in difficulties during implementation. MSPs can be effective to support capacity development and identify opportunities for scaling up, but their pre-implementation phase can take as long as FSPs’. Finally, the SGP is well received by national-level stakeholders and increases GEF visibility, but its small scale may limit the scope of global environmental benefits attained.

Each of these findings has recurred, time after time, across many GEF evaluations. A few areas identified in evaluations have seen improvement over time; for example, it is generally accepted that project and portfolio M&E practice is an area within the GEF that has benefited from increased attention in recent years. Given the body of recurring issues in GEF evaluations, however, and the number of recommendations that have been made but that remain relevant, the Joint Evaluation does not find it productive to make the same recommendations yet again. Alternative and drastic means of changing the GEF system are required.

## Annex

**Table 1 - Project Cycle: Key Recommendations in Past GEF Evaluations**

<b>Recommendation</b>	<b>Reference</b>
<b><i>Project Design/Approval</i></b>	
The GEF Secretariat should develop standards for reporting by IA and GEF National focal points on project cycle milestones and establish a data-handling process to ensure that vital statistics on the GEF Activity Cycle are compiled and can be provided as and when required. These data should be made available and easily accessible in the public domain to increase accountability and transparency of the entire project approval process.	BPS 2004
To both streamline the process of accessing GEF funds and help increase transparency and improve accountability, the GEF should develop a real-time, online concept/project tracking system to allow proponents to see, at any given time, where their concepts or proposals have progressed along the continuum from concept submission to project approval.	BPS2004
Project proponents should be realistic and pragmatic when working with the IAs to design effective projects.	BPS2004
The GEF should move toward a greater decentralization in project-by-project approvals, based on clear design principles for climate change project cluster types and a focus on results.	CCPS2004
The production and use of an accessible GEF international waters focal area manual to clarify the concepts, tools, and processes that are giving rise to recurrent difficulties for project design and implementation. This should include clearer descriptions of the operational programs...and processes including the project submission and approval process and monitoring and evaluation mechanisms.	IWPS2004
A transparent tracking system should be established to enable project proponents and other interested parties to easily follow the status and progress of MSPs under preparation through the various stages of GEF review and approval, for example, through a Web page showing the status of each project at any given time.	MSP Evaluation
During preparation there is a need to properly assess institutional and partner capacity at local and national levels and, in relevant sectors, to give more attention to building capacity at the local level. There should be a clear distinction between the capacity required to successfully implement a project and that which a project is intended to develop.	2002 PPR
Part of the problem with project achievements might be due to too little attention being paid in project design and implementation to livelihood and tenure issues and the issues' underlying causes. Thus, all projects in protected areas should include related production landscapes.	2001 PPR
Sound project design—The objectives, scope, and timing of a project should be designed on a sound and reasonable basis. The complexity of project design should be reduced to be within the project managers' capacity. A very ambitious project design and time management framework is usually a factor in unsuccessful project implementation. Clear understanding of project objectives is a key to smooth and successful project implementation.	2001 PPR
<b><i>Implementation</i></b>	
If project implementation is to be improved, projects should break away from a time-bound schedule and develop a new way of functioning where a phase or a project is completed when the objective is properly achieved. Initial budgets must be flexible and indicative.	Biodiversity Program Study 2001

<b>Recommendation</b>	<b>Reference</b>
There must be a continued movement away from big-budget, time-bound projects to long-term activities involving the same or lesser amounts of money, distributed over a longer time period and in accordance with agreed qualitative benchmarks.	Biodiversity Program Study 2001
<b>Evaluation</b>	
[The GEF Evaluation Office] should provide guidance, tools, and indicators for assessing greenhouse gas impacts, market transformation outcomes, and the effectiveness of associated strategies in specific OPs and priority areas.	CCPS2004
Develop a comprehensive M&E system for international waters projects that ensures an integrated system for information gathering and assessment throughout the lifespan of a project. The system should encompass monitoring of project achievements...and monitoring project progress...For this to occur, it will be necessary to review and revise current indicators and databases.	IWPS2004

**Table 2 - Modalities: Key Recommendations in Past GEF Evaluations**

<b>Recommendation</b>	<b>References</b>
<b>General</b>	
In light of the now considerable experiences with the three primary funding modalities of the GEF (SGP projects, MSPs and FSPs) and being mindful that each is designed to tackle threats or challenges of differing magnitude, using different levels of funding over different periods of time, it would be both timely and desirable to conduct a comparative study to explore the issues of efficiency, effectiveness, and sustainability across these mechanisms rather than merely within each.	BPS2004
<b>Small Grants Programme</b>	
This study concurs that not only should additional resources be put into this funding modality, to better ensure the capacity and commitment being built at local levels, but that additional mechanisms for the disbursement of funds to projects in the \$10,000 to \$100,000 range should be sought by the GEF.	BPS2004
There is a significant gap between the MSPs and the successful SGP. There is a good case for increasing SGP individual grant limits from \$50,000 to as much as \$150,000 and for allocating correspondingly more funding to this program.	MSP Evaluation
As systems are put in place to track global environmental benefits at the project level, consideration should be given to developing and applying cost-effective methodologies to track these benefits at a global, program-wide level. This is particularly important in the case of capacity development, perhaps the SGP's most significant global benefit.	SGP Evaluation
Consideration should be given to gradually expanding the options for small grants, for example, through a carefully monitored increase in the maximum project size from \$50,000 to \$150,000 in selected countries where there are strong and well-established SGPs, supportive national steering committees, and a demonstrably strong demand.	SGP Evaluation
Allocate additional resources to the SGP.	OPS3
<b>Medium-Size Projects</b>	
The GEF Secretariat and the IAs should complete [the MSP Milestone Dates Analysis] as soon as possible.	MSP Evaluation
The IAs need to ensure more consistently that MSP proponents have sufficient capacity to execute MSPs. They should anticipate the need to provide systematic capacity building to some of the less-experienced proponents.	MSP Evaluation
<b>Enabling Activities</b>	
The GEF should adopt a cautious approach to funding any new rounds of enabling activities to the same convention. All such activities must be assessed for their effectiveness in responding to the convention guidance and to country needs.	OPS2

<b>Recommendation</b>	<b>References</b>
<b><i>Full-Size Projects/Others</i></b>	
A regional-level coordination mechanism [should be incorporated] for international waters projects. The objective of the new mechanism would be to increase the synergies between international waters projects within defined natural boundaries and their focus on global benefits, to enable communication and coordination with relevant projects in other focal areas, to enhance feedback between projects and the International Waters Task Force, and to facilitate implementation of the M&E strategy at the regional level.	IWPS2004

**Table 3 - Principles: Key Recommendations in Past GEF Evaluations**

<b>Recommendation</b>	<b>References</b>
<b><i>Monitoring and Evaluation</i></b>	
[The GEF Evaluation Office] should further foster collaboration by institutionalizing the consultative process to create a community of practice of M&E in the GEF, coordinating with Implementing and Executing Agencies on the science of evaluation, building trust to foster harmonization and streamlining, and allocating responsibility at the appropriate level.	OPS3
Define impacts. Given the difficulties experienced by OPS3 in measuring program impacts, it is apparent that more pragmatic project impact definitions are needed.	OPS3
With due respect for the IAs' overall responsibility for project implementation and evaluation, the GEF Council should strengthen and expand the monitoring and evaluation functions of the GEF monitoring and evaluation unit so that it can play a supporting partnership role in mid-term reviews and project evaluations, particularly by providing advice on terms of reference for mid-term reviews and final project evaluations, contributing to the review of each of these reports, reviewing and compiling the results reported from project evaluations, and arranging adequate feedback to all GEF partners.	OPS2
<b><i>Catalytic Effect, Including Replication</i></b>	
To help ensure the potential for replication, projects should incorporate a replication strategy from the outset including, for example, appropriate budgets, plans for disseminating best practices and lessons learned, and documentation of project histories, thereby ensuring important contributions across the entire portfolio.	BPS2004
The GEF must place greater emphasis on sustainability and the potential for replication in project design and implementation.	OPS2
Operational definitions and indicators are needed for sustainability and the mechanisms of catalytic effects (for example, cofinancing, leveraged resources, replication, and mainstreaming) to sharpen the focus on these goals. In particular, project design, implementation, and evaluation should explicitly consider sustainability and catalytic effects, and more systematically report on these issues in project documents to allow for the tracking of the GEF's success.	OPS3
<b><i>Country Ownership</i></b>	
Cultivate a stronger country program focus. In countries with robust GEF portfolios, the GEF should move toward a stronger country program focus on local capacity, on partnership in the GEF process, as well as on planning and development of clear country strategies and priorities for GEF funding.	OPS3
<b><i>Incremental Costs for Global Environmental Benefits</i></b>	
To improve the understanding of agreed incremental costs and global benefits by countries, IA staff, and new executing agencies, OPS2 recommends that the 1996 Council paper on incremental costs be used as a starting point for an interagency task force. This group would seek to link global environmental benefits and incremental	OPS2



<b>Recommendation</b>	<b>References</b>
costs in a negotiating framework that partner countries and the GEF would use to reach agreement on incremental costs.	
There is a need to review how global aspects of land degradation are to be supported in relation to incremental costs. A less theoretical and more pragmatic, but defined, approach is needed.	GEF Land Degradation Linkage Study
<b><i>Public Participation</i></b>	
An interagency task force should be organized by the GEF Secretariat for the purpose of developing an effective and systematic way to document information on stakeholder consultations and participation, including the involvement of indigenous communities in GEF-funded projects.	OPS2

## Citations

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- <sup>2</sup> GEF 2003. Project Performance Review, para 110.
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- <sup>4</sup> GEF 2004. Climate Change Program Study, pg. 26.
- <sup>5</sup> GEF 2004. Biodiversity Program Study, pg. 40.
- <sup>6</sup> GEF 2004. International Waters Program Study, pg. 50.
- <sup>7</sup> GEF 2004. 2003 Project Performance Review, pg. 70.
- <sup>8</sup> GEF 2001. GEF Land Degradation Linkage Study, pg. 25.
- <sup>9</sup> GEF 2004. 2004 International Waters Program Study, pg. 47.
- <sup>10</sup> GEF 2004. Review of GEF Engagement with the Private Sector, pg. 43.
- <sup>11</sup> GEF 2004. 2004 Climate Change Program Study, pg. 76.
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- <sup>14</sup> GEF 2003. 2002 Project Performance Review, pg. 4.
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- <sup>17</sup> GEF 2006. Third Overall Performance Study of the GEF, Executive Version, pg. 64.
- <sup>18</sup> GEF 2004. 2003 Project Performance Review, pg. 56.
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- <sup>20</sup> GEF 2004. Review of the GEF’s Engagement with the Private Sector, pg. 56.
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- <sup>22</sup> The GEF Small Grants Programme is administered by UNDP, see [www.undp.org/sgp](http://www.undp.org/sgp) for additional information.
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- <sup>25</sup> GEF 2006. Third Overall Performance Study of the GEF, Executive Version, pg. 42.
- <sup>26</sup> GEF 2003. 2002 Project Performance Review, pg. 87.
- <sup>27</sup> GEF 2002. 2001 Project Performance Review, pg. 23.
- <sup>28</sup> GEF 2002. Second Overall Performance Study of the GEF, pg. 81.
- <sup>29</sup> GEF 2004. 2004 Biodiversity Program Study, pg. 42.
- <sup>30</sup> GEF 2006. Third Overall Performance Study of the GEF, Executive Version, pg. 41.
- <sup>31</sup> Personal communication, GEF field visit to Tunisia, February 2006, Joint Evaluation of the GEF Activity Cycle and Modalities.
- <sup>32</sup> GEF 2006. Third Overall Performance Study of the GEF, Executive Version, pg. 42.
- <sup>33</sup> GEF 2004. 2004 Biodiversity Program Study, pg. 42.
- <sup>34</sup> GEF 2002. 2001 Project Performance Review, pg. 42.
- <sup>35</sup> GEF 2002. Second Overall Performance Study of the GEF, pg. 108.
- <sup>36</sup> GEF 2001. Medium-Sized Projects Evaluation, pg. 12.
- <sup>37</sup> GEF 2001. Medium-Sized Projects Evaluation, pg. 60.
- <sup>38</sup> Wells, Michael P., Mehreen Hosain, Bolaji Ogunseye, and Julio C. Tresierra, 2003. “Report of the Third Independent Evaluation of the Global Environment Facility Small Grants Programme, 1999-2002,” pg. vii.
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