



Global Environment Facility

GEF/ME/C.25/3

May 6, 2005

GEF Council
June 3-8, 2005

Agenda Item 5 (c)

FOUR YEAR WORK PROGRAM AND BUDGET OF THE OFFICE OF MONITORING AND EVALUATION – FY06-09 AND RESULTS IN FY05

(Prepared by the GEF Office of Monitoring and Evaluation)

Recommended Council Decision

The Council reviewed document GEF/ME/C.25/3 “*Four Year Work Program and Budget of the Office of Monitoring and Evaluation – FY06-09 and Results in FY05*” and approves the principles and overall scope of the program, subject to the comments made during the Council meeting. Council approves the proposed budget for FY06, to cover the cost of core tasks and the new modalities (\$2,821,975). In addition, Council approves funds for two special initiatives to be conducted in FY06 (biosafety evaluation (\$350,000) and the joint evaluation with GEF partners (\$150,000)). Regarding FY07 through FY09, Council takes note of the proposed budgets and requests OME to prepare annual budgets for Council consideration and approval in each of its May meetings.

For May 2006, in developing the next four-year rolling work program, OME should take into full consideration the outcome of the consultative process it has initiated, relevant recommendations from OPS3, the new GEF M&E policy to be decided upon in November and agreements of the replenishment process.

Council requests OME to prepare a paper for the November 2005 Council meeting laying out alternative ways of interaction with Council according to OME’s TORs.

EXECUTIVE SUMMARY

1. This new version of the work program and budget builds on the previous version, discussed in Council in November 2004, and takes into account the comments and recommendations made during that session. Council stressed the importance of including capacity building, knowledge management and lessons learned, review of the project cycle, country portfolio assessments and impact evaluations. In addition, Council requested OME to undertake two special activities: (1) an evaluation of the activities financed under the initial strategy approved by Council for assisting countries to prepare for the entry into force of the Cartagena Protocol and (2) to start a process of consultation with appropriate GEF partners to develop proposals for a new division of labor on monitoring and evaluation instruments. The current plan is fully detailed for FY 06 but contains (reliable) estimates for the years after that because of three major reasons: the consultation process with GEF M&E partners initiated by OME has just begun and may lead to proposals for joint work or a new division of labor in the future; the recommendations from OPS3 and the replenishment process on M&E in the GEF of are not yet available; and the new GEF M&E policy has not yet been established. Furthermore, a degree of flexibility must always be present in the work program, even for the current and next fiscal year, because OME must be able to react positively to requests for evaluations from Council.

2. The four year work plan contains both outcome and output indicators. The Office expects that by the end of the four year programming period the following outcomes will be achieved:

- Accountability: increased legitimacy of the GEF;
- Better informed decisions: improved Council decisions on policies, strategies and work program; and
- Learning/insight, knowledge management and dissemination: better prepared projects at entry level and better portfolio and risk management.

3. The first two outcomes are improvements in the entire GEF system associated with inputs from many different parts of the system. Therefore, the actual achievement of these outcomes should be measured as part of OPS4, including an assessment of OME's role in these achievements. The last outcome will be measured by the on-going reviews conducted by OME in both its evaluation and monitoring programs.

4. Using OPS4 as the primary milestone, the programming of OME will take a phased approach in the next four years. In the first and second year (FY06-07) OME will concentrate on evaluations of cross-cutting and thematic issues. In the second half of the period (FY08-09), OME will conduct program studies on all the GEF focal areas in preparation for OPS4 which will take place in FY09. OME will also have several recurring activities throughout the period such as the annual GEF performance review, knowledge management activities, interactions with Council and following GEF M&E concerns within IAs and EAs. Furthermore, OME, in response to Council's requests will continue with the implementation of two special activities, the biosafety evaluation (in FY06) and the consultative process (throughout the period).

5. Regarding OPS4 the Office proposes to manage and implement this evaluation in FY 09 in view of the full independence that has been established for the Office. This will reduce the costs for OPS4 with approximately US \$ 1 million, since the evaluation will be covered within the budget of the Office. The Office will ensure that a review of its own evaluations and functioning will be incorporated in OPS4 in an independent way.
6. On Country Portfolio Assessments and Impact Evaluations, the Office proposes to explore possibilities of collaboration with the evaluation departments of the GEF family and to develop approaches which would be feasible and deliver products which are relevant and useful. It is proposed to introduce these new instruments gradually in FY 06 and FY 07 and only include them in the OME budget on a permanent basis if the approaches will deliver results.
7. As regards monitoring, the Office will further develop the Annual GEF Performance Review and keep oversight over the reliability and validity of monitoring systems of the GEF partners, including systems of projects at risk.
8. In line with the TORs of the Office, which require a gradual approach towards reaching a full independence on an accepted international level of coverage and quality, OME proposes to establish a new baseline for the budget in FY 08, when new instruments as the country portfolio assessments and impact assessments have been tested and the results of the consultative process and the 4th replenishment can be taken fully into account. The current estimate for that budget is \$ 3.6 million. This is in line with or lower than the level of funding of comparable evaluation units in other international organizations and in other global programs. The reasons to increase the budget are compelling: new and expanded TORs for the Office, a steady increase in disbursements, increased complexity of strategic priorities and operational programs, inclusion of seven Executing Agencies and introduction of a Resource Allocation Framework. On the other hand efficiencies are expected to emerge from the Consultative Process, the new division of labor on monitoring, the integration of OPS4 in the work program of OME and international collaboration.
9. For FY 06 a specified and detailed budget has been prepared and is proposed for approval amounting to \$ 2.821 million, which will allow for a gradual increase over FY 07 to the level of FY 08.
10. With the new baseline of FY 08 the budget is expected to remain at 0.6 % of conservatively estimated disbursements in the GEF in the coming years. This means that the increase in the budget will not be at the expense of the percentage of the overall GEF budget available for disbursements in recipient countries (which will continue to rise in absolute terms).
11. The relationship between the Council and the Office of Monitoring and Evaluation is a basic element of OME's independence and needs to be further defined. OME proposes to explore additional and alternative ways of interacting with the Council. A paper including various options will be presented to the November meeting.

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BACKGROUND

1. In November 2004, Council reviewed the “Draft Four Year Rolling Work Plan and Budget” prepared by the GEF Office of Monitoring and Evaluation (GEF/ME/C.24/5) and approved the principles and overall scope of the plan. The draft was based on the TORs for the GEF OME approved by Council in July 2003, which presented a gradual change of the Monitoring and Evaluation Unit to an independent Office and the Council document on Elements for a New GEF M&E Policy (GEF/ME/C.24/1). Council requested OME to present at its June 2005 meeting, a more detailed four year rolling work program and budget.

2. This new version of the work program and budget builds on the previous version and takes into account the comments and recommendations made during the November 2004 Council meeting. Regarding the elements for OME’s policy, Council members recommended to consider:

- the principles of impartiality and independence
- the need to avoid duplication
- the timeliness of evaluations
- the cost-effectiveness of monitoring and evaluation activities
- the need to provide appropriate recognition to local capacity and conditions, and
- regional participation.

3. Regarding the four year work program, at its November 2004 meeting, Council stressed the importance of including the following items:

- capacity building
- knowledge management, including an active dissemination of lessons learned
- review of the project cycle
- country portfolio assessments, and
- impact evaluations.

4. In addition, Council requested OME to undertake two special activities: (1) an evaluation of the activities financed under the initial strategy approved by Council for assisting countries to prepare for the entry into force of the Cartagena Protocol and (2) to start a process of consultation with appropriate GEF partners to develop proposals for a new division of labor on monitoring and evaluation instruments.

5. The draft four year rolling work program presented to Council in November 2004 established principles and presented elements for a four year work program rather than a fully detailed plan. The current plan is fully detailed for FY06 but will remain flexible for the years after that because of three major reasons:

- The consultation process with GEF M&E partners initiated by OME has just begun and may lead to proposals for joint work or a new division of labor in the future;

- The recommendations from OPS3 and the replenishment process on M&E in the GEF of are not yet available;
- The new GEF M&E policy has not yet been established.

6. Furthermore, a degree of flexibility must always be present in the work program, even for the current and next fiscal year, because OME must be able to react positively to requests for evaluations from Council.

7. The principles and elements on which the work program and budget are based are clearly spelled out in the terms of reference for the independent GEF Office of M&E as approved by the Council on July 28, 2003. The objectives of OME are to:

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

8. These objectives have been translated into criteria for programming of monitoring and evaluation which has enabled a transparent programming process and allows for interaction with partners in and outside of the GEF family. A description of this process was presented to Council in November 2004 and is attached to this document as Annex I.

9. The review of achievements in 2005 as well as an accounting of expenditures is attached as Annex II. The main achievements of FY05 have been the support of the Third Overall Performance Study according to TORs approved by Council, the finalization of three program studies in biodiversity, international waters and climate change and their follow-up through dissemination, feedback and knowledge management initiatives, the OP12 evaluation and the continuation of the Local Benefits Study, as well as the start-up of the Biosafety evaluation. Furthermore, OME engaged with its partners in the GEF in a consultative process towards a new GEF M&E policy. On the monitoring side, the first GEF Annual Performance Review was prepared, which includes the findings of the study on the time lapsed in the project cycle and assessment of project terminal evaluations. An agreement was reached with the GEF Secretariat on the transferal of monitoring responsibilities. OME will in the future focus on the Annual Performance Review and on the quality assurance of existing M&E systems.

10. This paper is presented in three parts. The first part, the four-year rolling work program, gives Council a more detailed description of the priorities, objectives, outcomes and expected deliverables for the FY06-09 period. The second part presents the rationale for the requested budget for the entire period. The last section presents the priorities, deliverables and budget for FY06. The document has

two annexes. The first one presents the criteria used to select particular activities included in the work program. The second annex summarizes the achievements made in FY05 by OME.

PRIORITIES AND OBJECTIVES : FY06-FY09

11. The programming of OME's work is directly related to the replenishment and Assembly cycle of the GEF, according to its terms of reference. It also follows the criteria developed by OME which is presented in Annex I. The FY06-09 period will cover the end of the implementation of GEF-3, the first three years of GEF-4 and the Fourth Overall Performance Study (OPS4). Within this context, and in accordance with OME's terms of reference, the main priority and objective during the next four years will be to begin preparations for (FY06-08) and actually implement OPS4 (FY09) in preparation for the fifth replenishment of the GEF and fourth Assembly (scheduled for sometime in FY10). To accomplish this task, OME proposes to: (1) increase the evaluation coverage to all operations of GEF and selected institutional aspects as well as responding to specific requirements from Council; (2) strengthen the relationships with the global monitoring and evaluation community, especially GEF partners' through a consultative process; and (3) assess, disseminate and learn from results and impacts of GEF programs and projects.

12. OME expects that by the end of the four year programming period the following outcomes will be achieved:

- Accountability: increased legitimacy of the GEF;
- Better informed decisions: improved Council decisions on policies, strategies and work program; and
- Learning/insight, knowledge management and dissemination: better prepared projects at entry level and better portfolio and risk management.

13. The first two outcomes are improvements in the entire GEF system associated with inputs from many different parts of the system. Therefore, the actual achievement of these outcomes should be measured as part of OPS4, including an assessment of OME's role in these achievements. The last outcome will be measured by the on-going reviews conducted by OME in both its evaluation and monitoring programs.

14. Using OPS4 as the primary milestone, the programming of OME will take a phased approach in the next four years. In the first and second year (FY06-07) OME will concentrate on evaluations of cross-cutting and thematic issues. In the second half of the period (FY08-09), OME will conduct program studies on all the GEF focal areas in preparation for OPS4 which will take place in FY09. OME will also have several recurring activities throughout the period such as the annual GEF performance review, knowledge management activities, interactions with Council and following GEF M&E concerns within IAs and EAs. Furthermore, OME, in response to Council's requests will continue with the implementation of two special activities, the biosafety evaluation (in FY06) and the consultative process (throughout the period).

15. Given that this is a rolling four-year program and budget, OME will present to Council an updated version every year which will expand an additional year. There may be a need to add or delete activities to accommodate specific demands or requests by Council or other GEF partners.

16. If Council approves the program and full budget proposed for the FY06-09 period OME will deliver the following results by the end of FY09 (Table 1 below presents an implementation timetable):

- at least six country portfolio reviews
- four impact evaluations
- program studies for all GEF focal areas
- at least five thematic studies covering cross-cutting and thematic issues
- joint benchmarking of the M&E systems of all major GEF agencies
- an improved input of OME into the GEF knowledge management strategy
- an improved division of labor on M&E issues among GEF Secretariat, IAs and EAs
- a first draft of the OPS4 report.

Evaluation

17. The GEF OME proposes to group evaluation subjects in four main areas:

- Program Studies for all focal areas including Operational Programs and Strategic Priorities;
- Country portfolio reviews and impact evaluations
- Cross-cutting and thematic studies, including themes across focal areas
- Institutional and procedural issues.

18. During the period FY06-09, OME of M&E will conduct in-depth studies (“**Program Studies**”) of all the GEF focal areas in preparation for OPS4. In particular, these evaluations will take place towards the end of the period, in FY08. When appropriate the program studies will include the evaluation of the GEF-3 Strategic Priorities since projects approved within this framework will start to produce results during GEF-4. The level of efforts will depend on the particular focal area. As in the past, the Program Studies are essential inputs to the OPS process as well as to the evolution of the GEF support to focal areas.

19. The following subjects are identified as **cross-cutting and thematic issues** to be evaluated during the FY06-09 period:

- **Capacity building, including GEF Enabling Activities support and the Country Dialogue Workshops program/initiative (FY06/07).** Previous evaluations have identified capacity building as one of the most successful components of GEF projects and in some cases, of entire GEF programs. Since the GEF is presently developing a corporate strategy it will be too early to evaluate the strategy per se but rather capacity building initiatives and programs. There are several possible areas of evaluation: the

Enabling Activities for various focal areas, the Country Dialogue Workshops program/initiative, the Focal Points support program and capacity building activities of selected projects. These programs and projects will be assessed from the point of view of their relevance as well as the type of capacity created, the efficiency and efficacy of delivering the capacity, and the sustainability and impact of the capacity. Furthermore, the evaluation will attempt to develop indicators and benchmarks for measuring GEF achievements in this area. Good international collaboration is expected in this topic given the relevance to all of the other GEF partners. The specific scope of this evaluation will be finalized during the preparation of an approach paper.

- **Replication and catalytic role of the GEF (FY06/07).** One of the GEF operational principles indicates that “in seeking to maximize global environmental benefits, the GEF will emphasize its catalytic role and leverage additional financing from other sources.” Therefore, this topic has high policy relevance. Several GEF M&E studies have identified that this principle, and in particular the replication dimension (i.e., scaling-up) is difficult for project proponents to understand, does not have clear guidance from the GEF and, in general terms, it is usually not reported although it could potentially have great impact on the GEF’s role. Given the difficulties with understanding the subject, the first challenge will be to develop an evaluation methodology. High collaboration potential is expected with other institutions within and outside the GEF since this is a topic of interest for many aid donors and recipient countries.
- **Indigenous people (FY07/08).** Although the GEF does not have a particular strategy or policy regarding indigenous people and their participation in GEF supported activities the GEF has been both praised and criticized on this aspect by different stakeholders. In the last few years, indigenous groups have for example received recognition by the GEF Council and they now have observer status at its meetings. GEF Council also specifically scrutinizes all projects on this particular issue. The evaluation will assess the role of indigenous groups in the GEF in general, and in projects, will evaluate the application of IAs’ operational directives on indigenous groups (in the context of GEF projects) and will identify good practices on achievement of global benefits. OME will seek international collaboration with other relevant institutions, given that many institutions are interested in this topic. In particular, the 2003 World Bank OED review could be used as baseline.

20. The Council has requested on several occasions that OME conduct **Country Portfolios Reviews** and **Impacts Evaluations**, in particular post project completion evaluations. These evaluation modalities are essential elements for an independent Office, as presented in its TORs. OME proposes to develop a methodology for both types of reviews during FY06, as well as implementing at least one pilot for each. A full implementation of these two modalities will then be undertaken in the subsequent three years. Furthermore, both types of evaluations will be carried out as much as possible and appropriate in collaboration with evaluation departments of GEF partners and taking into full consideration their own impact assessments and country evaluations.

21. In the case of **Country Portfolio Reviews** some of the main questions to be explored include: the relevance of the GEF projects to national sustainable development agendas, including an assessment of the portfolio's country ownership, the efficacy of the implementation of these projects, including the synergies between and among the preparation and implementation of different projects, coordination between IAs, assessment of the national arrangements to implement GEF projects (i.e., Focal Points, NGOs, IAs, EAs, etc.) and the actual results achieved, including an analysis of the overall GEF contributions to the countries institutional capacities (i.e, policies, organizations, knowledge, etc.). One of the major difficulties with these reviews is that since the GEF does not have country programs there is no GEF framework against which to assess results. However, an assessment as described above may provide important insights which may allow the GEF to become more effective on the country level.

22. OME proposes to conduct an increasing number of Country Reviews throughout the period with one initial pilot reviews in FY06 to test the methodology, possibly two reviews in FY07, and a maximum of three in FY08. The methodology will include a transparent and clear country selection process. Some of the selection criteria could include: countries with large and diverse portfolio, clusters of countries with similar portfolios for comparison (i.e., SIDS, LDCs), active and developed national evaluation counterparts, countries in which IAs have conducted independent assessments of their country strategy frameworks in recent years, etc. There will be a special emphases on working with national institutions and consultants which are considered independent from conflict of interests for the GEF portfolio. There is also full intention to coordinate with IAs and EAs evaluation and operations units on their country reviews evaluations to reduce evaluation fatigue among recipient countries.

23. In the case of **Impact Evaluations**, an approach paper will be developed in FY06 and at least one pilot evaluation completed. The main objective of this modality will be to evaluate the long-term results of GEF interventions, a few years after GEF support is concluded and to assess the sustainability and replication of the support as well as to extract lessons learned. An interesting theme to explore will be the GEF long-term contribution to the countries institutional capacities (i.e., policies, organizations, knowledge, etc.) and the country's willingness to address global environmental concerns. There are several approaches that could be selected: (1) a cluster of projects with similar objectives, geographic area, focal area, or even a combination of these could be evaluated together, (2) a particular completed project in a country chosen for country portfolio review; (3) use of a location-specific approach which looks at trends and developments in a certain area (for example, allocations to "hot spots" or a particular water basin) and establish the role of GEF interventions in that area.

24. As far as **organizational/procedural issues** are concerned, the following subject has been identified for evaluations:

- **Incremental cost calculation (FY06).** Several GEF M&E evaluations, including OPS2, have called for a study on the use of incremental cost. OME proposes to do a short and focused evaluation of how incremental cost calculations have been undertaken in GEF projects and what can be learned from the application of the methodology so far. It will

build on findings from the existing program studies and draw on expertise on methodological issues from within or outside the GEF family.

- **Regional and global projects (FY08).** These types of project are a trademark of the GEF. The GEF has invested substantial funds in the 170 regional projects (just over \$1 billion) and in the close to 100 global projects (about \$740 million). These modalities have never been evaluated as a group so it will add to the coverage. There are several methodological issues that need to be resolved but there should be strong interest from the development community. This evaluation will take into consideration the proposed special study conducted by the GEF Secretariat on umbrella projects.

25. All evaluations conducted by OME will begin by developing an approach paper and TORs. These documents will be shared with relevant GEF partners, in particular the GEF Secretariat and the IAs operations and evaluation departments, for internal discussions before they are posted in OME's website for public comments. OME will, as far as possible, be responsive to additional and specific requests for evaluations on specific issues from Council or other GEF partners.

Monitoring

26. OME will increasingly play an oversight and validation role for the incorporation of GEF concerns in M&E systems put in place by the GEF Secretariat and Implementing and Executing Agencies. Therefore, its role will shift from one of monitoring projects and portfolio to oversight of monitoring systems. This will be done through closer work with the GEF partners to develop greater consistency and comparability of information reported, building as much as possible on existing systems to support mainstreaming and to prevent duplication of efforts. In addition to working with the IAs and EAs GEF coordination units, OME will also work with evaluation offices of the IAs.

27. While different agencies will require different levels of effort from OME, it is anticipated that in most of the aspects to be addressed there will be a need for a high "up front" investment of time and resources by OME, some cases requiring special reviews assessing systems and the development of guidelines. As part of the Monitoring Program for FY06-09, OME proposes to take-on the following issues:

- Development and strengthening of program indicator systems in partnership with IAs and the GEF Secretariat. Program indicator systems need to be developed for POPs, land degradation, integrated ecosystems and capacity building. Indicators for biodiversity, climate change and international waters need to be updated and strengthened.
- Mainstreaming of GEF concerns in IA and EA internal reviews and feedback systems, including rating criteria and practices, establishment and enhancement of "Projects at risk" system, development of TORs for final evaluations, and selection of evaluators.

28. **GEF Annual Performance Review.** OME will annually prepare the GEF performance review, which is the follow-up to the Project Performance Report. The Annual Performance Review for 2004 is presented to Council at this meeting. OME will review and report to Council annually (at the May or June Council) on four aspects of GEF performance:

- Accomplishments reported by Terminal Evaluations and other evaluations. This consists of a summary and an assessment of the results reported in terminal evaluations reviewed by OME each year, as well as any additional assessments in evaluations in the GEF.
- Progress of implementation of Council recommendations. This report will assess the follow-up of recommendations approved by the Council.
- Quality of terminal evaluations reviewed by OME each year.
- Quality of M & E systems in the GEF.

Consultative Process

29. As recommended by Council, the new M&E policy and division of labor will be informed by a series of consultations with various GEF internal and external partners on a rationalization of M&E tools; discussions with evaluative bodies of expertise; collaborative reviews of policies and practices; brainstorming workshops to develop new approaches, and surveys of country stakeholder needs. Any relevant Council decisions coming from OPS3 will also be taken into account. The draft GEF M&E policy will be shared for review by the GEF M&E partners, tentatively during the third quarter of 2005 and presentation to the next GEF Council. It is expected that a certain level of consultation will need to be maintained in the coming years, in order to keep M & E in the GEF on adequate international levels and to maintain minimum standards in the system.

Knowledge Management

30. OME is in the process of developing its strategy for knowledge sharing and feedback, linked to the consultative process and to the proposed GEF Corporate knowledge management strategy. The strategy will emphasize the role of OME in contributing independent and evaluative evidence to the GEF repositories of knowledge. The approach is multi-pronged: (a) enhance integration with existing KM system in the Agencies; (b) promote a culture of learning through better outreach to project and country level by providing easily accessible learning products; and (c) promote the application of lessons learned arising from GEF evaluations through a targeted dissemination strategy for evaluation products.

Additional Ways of Interaction with Council

31. The TORs for the GEF Office of M&E lays out the key principles in the relationship between OME and the GEF Council. This relationship is a basic element of the independence of OME but needs to be further defined. To date this relationship has been based on very short interactions during Council meetings. Council members have expressed their discontent with the short time frame given to M&E issues during Council meetings. Although this has improved in the last few sessions (and M&E is

now allocated almost a full day in the June 2005 session), OME will explore additional ways of interacting with Council. OME proposes to prepare a paper for the November 2005 Council meeting laying out some options. For example, and following the World Bank, UNDP and IFAD model, a special committee on M&E could be formed out of Council members. A second option would be to appoint a more permanent Council co-chair, who could act as a direct link of the Director of Monitoring and Evaluation to the Council between sessions. Another example could be to explore the possibility to have a special M&E consultation meeting (2-3 days) with Council members at a different time than Council meetings so OME can discuss with more time and detail the work conducted. This meeting could take place for example in a country where a country portfolio review is taking place, coinciding with the final meeting between OME and the country counterparts. Council members could have a first hand opportunity to see the work of the GEF on the ground.

Fourth Overall Performance Study (OPS4)

32. The GEF has undergone three independent evaluations (including the one for the Pilot Phase in 1993, OPS1 in 1997 and OPS2 in 2001 and it is finalizing the fourth one, OPS3 (2005). Each of these evaluations contributed to the decision-making processes of the GEF Replenishment and Assembly. It is expected that Council will request the fourth Overall Performance Study (OPS4) some time in FY09 to be completed in FY10 to contribute to the Fifth Replenishment of the GEF. The TORs for the GEF Office of M&E requires that OME arranges for this comprehensive external study, which should address overriding issues like global impact and benefits of GEF programs, as well as the appropriateness of the GEF's institutional arrangements, policies, strategies, programs and priorities. The content of OPS4, in specific terms, will be decided at a later time. OME proposes that OPS4 is managed and implemented by the independent GEF Office of M&E, which by FY09 will have a full complement of staff that could conduct this high profile evaluation. To insure the independence, to include external views, and to assist this complex evaluation OME will contract high level evaluators and technical experts. Having OPS4 managed and implemented by OME will create savings of up to \$1,000,000 by reducing duplications of work that take place between OME of M&E and an outside firm.

Special Initiatives

Evaluation of GEF support to the implementation of the Cartagena Protocol (Biosafety)

33. At its November 2004 meeting, the GEF Council requested the OME to undertake an evaluation of the activities financed under the initial strategy approved by the Council in May 2000 for assisting countries to prepare for the entry into force of the Cartagena Protocol. These activities total about \$47.66 million in GEF support, including: a Pilot Biosafety Enabling Activity project (\$ 2.7 million)¹, Preparation of National Biosafety Frameworks (NBF) (\$ 31.2 million to support about 120 countries), Implementations of NBF for 12 countries (\$9.16 million), and Capacity Building for Participation in Biosafety Clearing House (\$4.6 million).

¹ Not included in this evaluation.

34. The evaluation's main objective is to evaluate the efficiency, effectiveness and relevance of the GEF's initial support strategy. The evaluation aims first and foremost to enable decision making in the GEF Council on biosafety activities. The Terms of Reference for the evaluation can be accessed through OME's webpage. The focus will be on four key questions:

- 1) Is the GEF support consistent with the Cartagena Protocol, conducted in a way that takes into account the needs of the recipient countries and is it of sufficient professional quality?
- 2) Is support to capacity development efforts, including stakeholder involvement and regional collaboration, relevant and effective?
- 3) What progress has been made in countries on building the requisite capacities towards their ratification and implementation of the Cartagena protocol?
- 4) Are the modalities and approaches of the GEF support effective and efficient compared to similar projects?

35. The Evaluation will be carried out by two teams of consultants. The first team which addresses part of question 1 will assess the quality of the toolkits used for the NBF Development project through the use of the *Delphi method* (a review method for mapping various opinions and exploring further the attitudes of the respondents). Feedback will be sought from a panel of 10 experts and between 50 to 150 respondents, representing various stakeholders (governments, the biotechnology industry, NGOs, academia and other international donors within biosafety). The second evaluation team addresses the three remaining issues: GEF's achievements within capacity development; the countries' progress towards ratification and implementation of the Cartagena Protocol and the cost-effectiveness of the GEF program approaches. This team has selected a representative sample of 21 countries which are in different stages of developing and implementing the process of preparing their NBFs.

36. The evaluation started in January 2005 with the development of the TORs, selection of consultants, development of methodologies and identification of countries to be studied.² It is expected that the country reviews will be completed by August 2006. The final draft report will be submitted to the November 2005 Council meeting.

37. Since this evaluation was specifically requested by the Council, it is proposed that the GEF Council approves additional funding over the FY06 budget towards meeting part of the costs of this evaluation (details are included in Table 4).

Joint Evaluation: the GEF activities and modalities

38. At the request of Council, the GEF Office of M&E launched a process of consultation with GEF partners to develop a new GEF Monitoring and Evaluation policy that reflects the highest international standards and best practices in monitoring and evaluation of GEF activities. As a first step, a brainstorming workshop in January 2005 brought together evaluation experts and monitoring practitioners and managers from the three Implementing agencies (IAs), the executing agencies (EAs),

² The cost of the activities so far have been covered by the OME's contingency budget approved by Council in November 2005.

the GEF Secretariat and OME. The Workshop identified the need for an evaluation of GEF-related programming processes, including various programming modalities and fee system-related issues, and proposed that this evaluation should be a joint endeavor.

39. The proposed Special Initiative responds to that decision. The Terms of Reference for this evaluation are not yet finished since they need to be discussed with the other partners. The following issues are identified as potential aspects to be evaluated (a full Approach Paper is available at the GEF OME web site):

- The current project cycle, possibly covering:
 - identify to what extent the project cycle is responding to its underlying rationale or objectives, such as quality, timeliness, accountability etc. in its various phases, with special attention on the areas where stakeholders perceive that there are delays or complex requirements.
 - the division of labor between the various stakeholders involved in the GEF activity development and implementation, both at national and central levels, within the context of national programming.
 - opportunities for greater integration between GEF approaches and the modalities and cycles of the Agencies, to identify ways of bringing transaction costs down.
- The key current GEF operational modalities: full-size-projects, medium-sized projects, enabling activities, and small-grants program, to analyze whether the GEF has the most appropriate instruments to deliver on its goals.
- The evaluation will apply the OECD-DAC evaluation criteria, in particular Relevance, Efficiency, and Effectiveness.

40. Given the large range and complexity of the evaluation subject, different approaches, with variations thereof, can be considered:

- A large, traditional joint evaluation, with use of external consultants., In this case, the evaluation might consist of a number of different desk reviews; separate studies of sub-themes; and desk reviews and field visits.
- A participatory benchmarking approach, in the style of joint exercise or a review. This option would depend on more self-assessments by the participating agencies and peer reviews.

41. Irrespective of option, the evaluation is likely to use a combination of literature review on policies, procedures, practices and requirements of the GEF and Agencies; desk-assessment portfolio reviews; surveys of country clients, GEF and Agency partner staff and project staff; and field-work in select countries.

42. The budgetary needs for funding will be determined once the methodology and design are clear (a proposal is presented below in Table 4). It is expected that partner agencies will provide co-funding either in cash, consultants or in-kind.

43. The lessons from the conduct of the joint evaluation will inform the development of the new M&E policy. Key evaluation steps include:

- An approach paper circulated for comments to concerned M&E partners and finalized by mid 2005.
- The Terms of Reference to be developed and reviewed based on the Approach Paper, and discussed in a planning workshop, tentatively early autumn.
- Launch of the evaluation by autumn 2005, with a possible Inception Report .
- Interim products and reports, to be further determined in the Inception report, such as self-assessments, surveys etc.

Table 1. GEF Office of Monitoring and Evaluation Activities and Implementation Timeframe

| Activity | | FY06 | FY07 | FY08 | FY09 |
|--|--|---|--|---|------|
| Evaluations | | | | | |
| | Program Studies | | - Climate Change: OP7 - International Waters: OP10 | - Biodiversity - Climate Change - International Waters - Ozone Program - POPs - Land Degradation | |
| | Country portfolio and impact evaluations | Approach papers 1 country 1 impact | 2 countries 2 impacts | 3 countries 1 impact | |
| | Cross-cutting/thematic issues | Capacity Building, including CDW and EAs | | | |
| | | | Approach paper on replication | Replication/catalytic role of GEF | |
| | | | | Indigenous people | |
| | Institutional and procedural issues | - Incremental cost calculations | - Regional and global projects | | |
| Monitoring | | | | | |
| | Program Indicators | Land degradation and international waters | To be decided | To be decided | |
| | Mainstreaming GEF concerns | | | | |
| | Annual Performance Report | | | | |
| Consultative Process | | | | | |
| Knowledge Mgt. | | | | | |
| Additional ways of Interaction with Council | | | | | |
| OPS3 follow-up | | | | | |
| OPS4 | | | | | |
| Special Initiatives | | - Biosafety | | | |
| | | - Joint Evaluation of project cycle, modalities and M&E systems | | | |

GEF OFFICE OF M&E BUDGET FOR FY06-09

44. The four year rolling budget is presented here fully independent and separate from the GEF Corporate budget, although it remains closely interlinked with it. OME's budget is based on the proposed work program's output and activity; this means that any changes to the budget will have a direct impact on the deliverables and on the capacity of OME to perform as an independent office of evaluation. The budget was estimated using relative modest cost factors for different types of activities and outputs based on past experiences and international standards of evaluations. Salaries and benefits for regular staff and consultants, travel and general operational costs respond directly to World Bank rules, regulations and norms. Therefore, a reduction in the budget will imply a reduction of outputs and activities. More money in the budget will provide Council with more outputs.

45. The main elements for the cost calculations are the current budget estimates for a typical program study, thematic review, country review and impact evaluation. The estimates for the country reviews and impact evaluations may be changed once the approach papers have been written and once a first pilot has been run.³

| | | |
|--------------------|------------|--|
| Program Studies | \$ 200,000 | based on one year study; consultants fees & travel |
| Thematic Review | \$ 200,000 | based on one year study; consultants fees & travel |
| Country Reviews | \$ 60,000 | 4-months study; consultants fees & travel |
| Impact Evaluations | \$ 50,000 | per project in a cluster study |

46. It is proposed that the FY08 budget creates a new baseline for determining future budgets for OME rather than comparing it with FY05. The fiscal years FY06 and FY07 will be used to gradually approach this baseline without drastic changes and taking into account learning processes within the Office on new forms of evaluation, as well as the Consultative Process with the GEF evaluation partners to create cost-reducing opportunities and recommendations made by the replenishment process.

47. The change in level of budgeting is fully justified in the light of international experiences with independent evaluation and in view of the level of allocations and disbursements in the GEF. The new baseline would be about \$ 3.5 million in FY08, which is low compared to the evaluation budget of a similar complex global program, UNAIDS, which has an annual evaluation budget of \$ 8 million, and is reasonable compared to the evaluation budget of the independent Evaluation Office of IFAD, which runs around \$ 4 million annually.

48. Although it is difficult to relate the evaluation budget to funding of operations (allocation, commitment or disbursement), any calculation leads to the conclusion that the budget increase is fully justified in terms of increases over the years in funding and expected increases in the years to come. For example, if the annual disbursements of the GEF are extrapolated over the coming years

³ Cost of administration and regular staff are not included since they are included in the cost of running OME.

in a conservative way, so that total disbursements of the GEF would approach \$ 5 billion at the end of FY09, the budget of M & E will remain at the level of approximately 0.6 % of annual disbursements. Similarly, the budget has remained at 0.3 % of the annual work program allocations, and depending on the level of replenishment of the GEF, this should also be the expected level of the budget over the coming years.

49. This means that relatively no money will be diverged from actual spending in recipient countries to M&E. This has been an important issue in the Assembly discussions in Beijing and is thus a strong incentive for the OME to keep the budget at a level which is fully justified.

50. In addition, many changes have occurred in the last year within OME itself (i.e., expanded terms of reference, full independence, appointment of a Director) and in the GEF (i.e., addition of new GEF partners, new focal areas, etc.) making a comparison with FY05 less meaningful. For example, it was recognized by the Council that the FY05 budget was a first approximation of what the actual cost of running an independent evaluation office would be and that the budget would be revised when the new Director was fully onboard. There are a score of evaluation and monitoring activities that continue from previous years, but many new areas of activities have also been included in OME's mandate. For example, because of its independence, OME will need to establish its own institutional relations, spend more on knowledge management and on its relation with Council.

51. More specifically, a wide variety of reasons have been identified which call for a substantial increase in investments in monitoring and evaluation in the GEF:

- The Council has decided to upgrade the GEF Office of M&E to a higher level of independence and has mandated OME to undertake new tasks and to set in motion a process leading to a new GEF M&E policy.
- The GEF Office of M&E needs to be elevated to international standards of similar evaluation office/departments.
- The GEF has adopted new Focal Areas, Operational Programs and Strategic Priorities and new cross-cutting policies and modalities of operation, which will need to be evaluated when they become implemented and start to produce results;
- The inclusion of seven Executing Agencies in the GEF family call for an increasing role of OME in gathering evidence of GEF results that cannot be aggregated on the basis of evaluative evidence of the M&E systems of the IAs and EAs. Furthermore, the increasing number of agencies call for increased transaction costs for mainstreaming GEF M&E concerns in the IAs and EAs.
- Various existing Focal Areas, Operational Programs and cross-cutting policies and modalities of operation have not been evaluated in-depth in the past. OME also proposes to implement new evaluation and monitoring modalities (i.e., country

portfolio reviews, impact evaluations, joint evaluations, enhanced interaction with Council, etc.) that have not been done before.

- Given the independence and new relationship with Council, there will be a need for more direct and active interaction with Council, through, as proposed in the previous pages, special meetings and more extensive reporting.
- The approval of the Resource Allocation Framework (RAF) will require specific follow-up, monitoring and evaluation from OME. Since the RAF has not been approved OME's program and budget does not include a provision yet on how the monitoring and evaluation will be done.
- Administrative costs that used to be paid from the GEF Corporate budget are now included in OME's budget (i.e., costs of equipment, office space). Other administrative costs, such as IT support and budgeting may have to be shared with the GEF Secretariat. Furthermore, it is expected that in the future this administrative costs may go up given the increase in activities.

52. On the other hand, several of the activities proposed by OME will produce efficiencies in the system with the potential of cost savings:

- The interaction with other evaluation departments of IAs and EAs will potentially lead to savings in the longer run, when GEF concerns and minimum standards are increasingly taken into account by these offices.
- The changing nature of OME's role in monitoring from project and portfolio monitoring to oversight and verification of M&E systems. This will lead to both direct and indirect cost reductions. The SMPRs have been abandoned, which means a direct saving, and in the longer run more reliable M & E systems will mean cheaper evaluations and less need for evaluations.
- It is proposed that OPS4 will be managed and implemented by OME, creating savings since it will be part of OME's FY09 budget instead of an additional and separate fund.
- Some of the proposed activities will attract contribution from other M&E offices.
- OME will explore the possibility of recruiting Junior Professional Officers with funding from donors.

53. The budget is presented in Table 2 following the proposed activities and tasks, and alternately in Table 3 following the GEF Corporate budget categories.

54. Council is requested to approve the proposed budget for FY06, presented below. Regarding FY07 through FY09, OME proposes to prepare annual budgets for Council consideration and approval in each May meeting.

PRIORITIES, OBJECTIVES AND DELIVERABLES FOR 2006

55. In FY06, OME proposes to concentrate its work on completing the following main core tasks: (1) two cross-cutting/thematic studies: capacity building and incremental cost calculations, (2) monitoring program; (3) knowledge management and (4) follow-up with OPS3 and the Local Benefits Study. Taking on board recommendations from Council and according to OME's TORs, OME proposes, on a pilot basis, to add two new evaluation modalities during FY06, country portfolio reviews and impact evaluations, to develop new modes of interaction with Council and to continue the consultative process with GEF partners. These pilot activities will be tested during FY06, and then if they are judged appropriate will be incorporated into the regular budget in the following years. Finally, OME's program for FY06 will include two special studies: an evaluation of the GEF support to Biosafety and a joint evaluation with GEF partners of the GEF processes. Since they will be conducted as one time activities they should not be part of the core tasks of OME.

56. Specifically, if Council approves the full proposed budget and Special Initiatives, the following activities will be fully implemented and if possible completed by the end of FY06 (the specific descriptions are presented in the previous section):

- **Evaluation Program**
 - Thematic Study on GEF capacity building initiatives and programs, including issues such as the GEF Enabling Activities, Focal Points support program, the Country Dialogue Workshops program, activities of selected projects and the development of indicators. There may be some overrun into FY07.
 - Study on the Incremental Cost Calculations
 - Country portfolio reviews and impact evaluations (approach paper and at least one pilot in each category). There may be some overrun into FY07.
- **Monitoring Program**
 - Assist the GEF Secretariat and IAs with program indicators for land degradation and follow-up on international waters indicators.⁴
 - Mainstreaming of GEF concerns in IAs and EAs internal reviews and feedback.
 - GEF Annual Performance Review.
- **Recurring activities**
 - Knowledge management
 - Interaction with Council

⁴ Indicators for capacity building will be developed under the thematic study on this subject.

- Consultative Process
- Management
- Cross-support to GEF partners institutions.
- **Staff**
 - Director, five senior evaluators, one knowledge management specialist, one business management specialist, and one administrative assistant.⁵ This arrangement is similar to the present one with additional incorporation of the knowledge and business management tasks within the core staff of the OME. Presently these tasks are partially completed by consultants but they need regular status to be able to access fully the World Bank administrative processes. The two new members do not increase the total budget of OME.
- **Special Initiatives**
 - Thematic Study on GEF support to Biosafety
 - Institutional and Procedural Issues: Joint evaluation of GEF processes

FY06 Budget

57. To be able to deliver the work program for FY06 described above OME will require \$2,821,975 for the core and pilot tasks and two additional Special Initiatives for \$350,000 (biosafety) and \$150,000 (joint evaluation). Any changes to the budget will imply that Council will need to decide which outputs should be cut. To facilitate this analysis, the budget is presented according to outputs and according to core budget, pilot activities and Special Initiatives. OME budget will be the core budget plus pilot activities. The additional Special Initiatives are considered as annual activities and should not be included in the OME core budget.

58. All output costs are cost constant throughout the four year period (i.e., a thematic study is estimated to cost the same in FY06 as in FY08). Items that receive annual increases, staff salaries and benefits, office space, communications and publications, for example, receive increase at the rate of inflation or just above. The cost of monitoring activities is estimated to diminish throughout the period since they will become streamlined.

59. OME will actively pursue opportunities for co-financing of evaluations. For example, the two Special Initiatives requested (biosafety and the joint evaluation) are good candidates for international collaboration. The budget for the Special Initiatives is presented in Table 4.

⁵ Additional consultants for short and long-term assignments will be contracted to supplement the skills and expertise of the GEF OME staff as needed.

Table 2. FY06-09 Budget according to activities and tasks

(gray cells are considered pilot activities for the first two years and then are incorporated into the core budget for the rest of the period).

| Activity/Task | | Estimate (to be revised each year) | | | | | | |
|--|--|------------------------------------|------------------|------|------------------|------|------------------|-------------------------------|
| | | FY06 | | FY07 | | FY08 | | FY09 |
| | | # of | \$ | # of | \$ | # of | \$ | \$ |
| Evaluation program | | | | | | | | |
| | Program Studies | ---- | ---- | 2 | 200,000 | 6 | 880,000 | --- |
| | Thematic Studies | 1 | 200,000 | 2 | 350,000 | --- | --- | --- |
| | Country Reviews and Impact Evaluations | 2 | 110,000 | 4 | 220,000 | 4 | 230,000 | --- |
| | Institutional and procedural issues | 1 | 100,000 | 1 | 200,000 | --- | ---- | --- |
| | Follow-ups to evaluations | | 63,000 | | --- | | --- | --- |
| Monitoring Program | | | 180,000 | | 165,000 | | 165,000 | 105,000 |
| Consultative Process | | | 25,000 | | 25,000 | | 6,250 | 6,250 |
| Knowledge Management | | | 125,000 | | 125,000 | | 125,000 | 125,000 |
| Additional ways to interact with Council | | | 57,000 | | 57,000 | | 24,000 | 24,000 |
| OPS4 | | | ---- | | --- | | 25,000 | 1,010,000 |
| Staff salaries, benefits and travel | | | 1,664,175 | | 1,743,634 | | 1,842,065 | 2,092,169 |
| General Costs (offices space, equipment, supplies, communications, internal computing, representation and hospitality) | | | 267,800 | | 275,834 | | 284,109 | 292,632 |
| Publications, media, web and external outreach | | | 30,000 | | 30,000 | | 30,000 | 30,000 |
| Total Core Budget (does not include pilot activities in gray) | | | 2,629,975 | | 2,946,468 | | 3,611,424 | 3,685,051 |
| Total Pilot Activities | | | 192,000 | | 445,000 | | --- | --- |
| Total GEF Office of M&E | | | 2,821,975 | | 3,391,468 | | 3,611,424 | 3,685,051 |
| Proposed increase | | | -22% | | -6% | | baseline | 2% Including the cost of OPS4 |

Table 3. FY06-09 budget according to expense categories

| Expense Categories | FY06 for Council approval | Estimate (to be revised on a yearly basis) | | |
|---|---------------------------|--|------------------|------------------|
| | | FY07 | FY08 | FY09 |
| Staff Costs | 1,664,175 | 1,743,634 | 1,842,065 | 2,902,169 |
| Salary and Benefits | 1,589,175 | 1,668,634 | 1,752,065 | 1,997,169 |
| Travel | 60,000 | 60,000 | 70,000 | 70,000 |
| Training | 15,000 | 15,000 | 20,000 | 25,000 |
| Consultants⁶ | 745,000 | 1,342,000 | 1,455,250 | 1,270,250 |
| Fees (long-term) | 67,000 | N/A | N/A | N/A |
| Fees (short-term) | 535,500 | N/A | N/A | N/A |
| Travel | 142,500 | N/A | N/A | N/A |
| Council Costs | 0 | 0 | 0 | 0 |
| Council meetings | 0 | 0 | 0 | 0 |
| Council travel | 0 | 0 | 0 | 0 |
| Contractual Services⁷ | 115,000 | N/A | N/A | N/A |
| Contracts with firms | 115,000 | N/A | N/A | N/A |
| Publications, Media, Web and External Outreach | 30,000 | 30,000 | 30,000 | 30,000 |
| General Operations | 267,800 | 275,834 | 284,109 | 292,632 |
| Office Space, equipment and supplies | 113,300 | 116,699 | 120,200 | 123,806 |
| Communications & internal computing | 144,200 | 148,526 | 152,982 | 157,571 |
| Representation and hospitality | 10,300 | 10,609 | 10,927 | 11,255 |
| Total | 2,821,975 | 3,391,468 | 3,611,424 | 3,685,051 |

⁶ Break down between long and short term is not yet known, specially for the later years.

⁷ Some of the Consultant costs (fees and travel) will be allocated to firms but this is not yet known.

Table 4. Budgets for Special Initiatives FY06

| Expense Category | FY05(*) | FY06 | Total |
|--|----------------|-------------|--------------|
| Biosafety Evaluation | | | |
| Staff Costs | --- | --- | --- |
| Staff travel | 28,000 | 15,000 | 43,000 |
| Consultant Fees | 65,000 | 151,600 | 216,600 |
| Consultants Travel | 39,000 | 63,800 | 102,800 |
| Delphi Method | | 85,000 | 85,000 |
| Contingencies | | 34,000 | 34,000 |
| Total Biosafety Evaluation | 132,000 | 349,400 | 481,400 |
| Joint Evaluation of GEF activity cycle and modalities | | | |
| Staff Costs | | --- | --- |
| Staff travel | | 20,000 | 20,000 |
| Consultant Fees | | 70,000 | 70,000 |
| Consultants Travel | | 20,000 | 20,000 |
| Consultation mechanisms | | 25,000 | 25,000 |
| Contingencies | | 15,000 | 15,000 |
| Total Joint Evaluation | | 150,000 | 150,000 |

(*) paid in FY05 from the Contingency budget approved by Council in November 2004.

Participation of GEF Secretariat, IAs and EAs

60. The other GEF partners will be requested to participate in the M&E program at different levels depending on the activity or task and their comparative advantage. The financial resources for their participation are included in the FY06 GEF Corporate budget and are not reflected in OME's budget.

ANNEX I: CRITERIA FOR PROGRAMMING

61. The criteria that OME has adopted for programming purposes are the following:
- Policy relevance – if a subject for evaluation is regarded as important in GEF’s policies on focal areas or cross-cutting issues, such a subject should receive a higher priority than a subject which is not considered important.
 - Financial weight – subjects which are receiving relatively large amounts of funding should receive higher priority than subjects which are funded with lesser amounts.
 - Stakeholder opinion and demand may be a good reason to give a subject priority, whereas if the stakeholders object to an evaluation taking place, the climate may not be conducive to learning.
 - Public and/or media debate – if a subject is “controversial” or being debated often in the media, the GEF may want to give priority to an evaluation on that subject in order to be fully informed and ready for interaction with the media. Furthermore, public debates often lead to questions in parliaments, for which Council members may need to be prepared.
 - Evaluation coverage – ideally the M&E programming should lead to the main potential subjects being evaluated once every replenishment period – the extent to which the evaluation of these subjects would contribute to this coverage should be taken into account.
 - Evaluability – subjects may be “easy” to evaluate (when data and evaluation methodologies are available) or “difficult” (when neither data nor methodologies are within easy reach). Some evaluations may be more costly than the subject they are evaluating, especially when baselines need to be established post-fact.
 - International collaboration and “third party” information – if other evaluation offices or departments are undertaking evaluations which take GEF’s information needs into account and are executed in a reliable and valid manner, these evaluations may be used to enlarge the scope of the available information on GEF’s results – and can be termed “third party” information, i.e. information coming from a third party.⁸ Furthermore, if through collaboration with other evaluation departments (IAs, EAs, partner countries, NGOs, private sector) evaluations can be carried out more cheaply (through sharing costs) or with a wider scope for the same price, this should be explored.

⁸ Third party refers in this case to a party which is not OME or the GEF Management (and through the GEF Management the operational divisions involved in GEF activities). Potentially, the independent evaluation offices of the IAs and EAs could provide third party information, as well as independent evaluation departments or units of other organizations, if they become involved in the evaluation of GEF activities.

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

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

64. This matrix has first been used to establish the coverage that was reached with evaluations over the past four years. This information is important in that it shows which areas of GEF policy, strategies, programs and projects have been well covered in the past and which areas have been relatively under evaluated. The following areas, issues and subjects can be identified which have not been evaluated in-depth or in their own right in the past four years:

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

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

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

- Strategic Priorities in all focal areas
- Biodiversity: Operational Program 13
- Climate change: Operational Program 11
- International Waters: Operational Programs 10
- Land degradation: Operational Program 15
- Various indicators at program level are relatively new or even still need to be further developed.

ANNEX II: REVIEW OF ACHIEVEMENTS IN 2005

67. The following paragraphs provide Council with a brief presentation on OME's achievements in FY05. These achievements are measured against the proposals made in the M&E Work Plan for FY03-06 (GEF/C.21/12) and in the GEF Corporate Budget FY05 (GEF/C.23/9).

68. During FY05, OME experienced some very important changes, most importantly the appointment and the incorporation of the new Director, the approval by Council of the new elements to operationalize the independent nature of OME and the management of OPS3. Nevertheless, OME was able to accomplish all of its activities in a timely and high quality manner and even incorporate additional activities requested by Council.

Management of OPS3

69. The GEF Office of M&E has been fully engaged in the management of the OPS3 process. According to the OPS3 TORs and the request from GEF Council in November, 2005, OME has provided oversight of the process, making sure that the TORs for OPS3 have been followed and has ensured consistency and high quality in the field work. After the World Bank's Operation Evaluation Department (OED) concluded the selection of the firm to conduct OPS3 (ICF Consulting) and the new Director took office, OME of M&E negotiated and processed the contract. OPS3 began on September 1, 2004. Since then, OME has been in consultation with the OPS3 team on a very regular basis, providing them with relevant documents and information, has coordinated all field visits and the eight regional consultation workshops, and has administered and supported the High Level Advisory Panel. The OPS3 team has produced monthly progress reports.

Evaluation

70. The program studies for the three major focal areas were completed in FY05. Following Council instructions, GEF Secretariat and IAs prepared management responses to all of them. Three new major evaluations were carried out and completed during FY05.

71. Local benefits. The local benefits study has completed its intended 18 fieldwork studies and posted their draft final reports on the GEF website. Detailed non-field reviews of a further 25 projects were prepared and circulated to Implementing Agencies for comments. Less detailed desk reviews and summaries of Implementing Agency Terminal Evaluations of about 200 additional projects, together with the Project Documents for 20 newly-approved projects, were also completed, to provide additional data. An initial draft report was produced and reviewed within OME. On the basis of this internal review, additional analysis was undertaken and has been fed into the preparation of the Final Report, which is now nearing completion.

72. OP12. The GEF Office of M&E conducted a review of GEF's Operational Program 12, Integrated Ecosystem Management. The review was contracted to the International Center for Tropical Agriculture (CIAT), based in Colombia. This study assessed the extent which the GEF has been able to implement projects that adopt an integrated ecosystem approach with substantial interlinked and

synergy among the GEF focal areas. A key purpose of this review was to provide information and recommendations that might help the GEF to increase environmental benefits by using this type of approach. The study included a desk review that consisted of 38 projects and six PDFs-B, the analysis of GEF policies and several OPs. The study team traveled to Washington, DC and New York to interview staff from the GEF Secretariat, the World Bank, UNDP, and STAP members. UNEP staff were interviewed via teleconference. A draft of the review was circulated among GEF institutions and a workshop was held to discuss findings and recommendations in March 31, 2005. The study is presented as Council document: GEF/ME/C.25/5.

73. Project Cycle: Factors that affect elapsed time in GEF project preparation. OME conducted a study to determine the length of preparation time of GEF projects from pipeline entry to effectiveness and to assess the factors that contributed to delays in project preparation. The purpose of the review was to ascertain the magnitude of the elapsed time preparation problem in GEF projects and to provide information so that changes in the GEF projects preparation process addressed bottlenecks while at the same time considering quality design issues. The review included an extensive desk review complemented by interviews with staff from the GEF Secretariat, UNEP, UNDP and the World Bank. A draft with preliminary findings was circulated in December 2004 and was discussed in the context of the 2004 interagency meeting that took place in January 26, 2005. The findings, conclusions and recommendations of this review have been included as a chapter in the 2004 GEF Annual Performance Review.

74. At the request of Council, OME has started a major evaluation on the efficiency, effectiveness and relevance of the GEF's initial support to the biosafety strategy. The evaluation will continue in FY06. This was an additional task not included in OME's approved program. The evaluation consists of two parts. The first part reviews the quality and usefulness of the Toolkits used for the development of National Biosafety Frameworks in 120 countries. The second part assesses the effectiveness of GEF's support and the progress made in assisted countries towards ratification and implementation of the Cartagena Protocol. There will be country visits to 10 countries, non-field reviews of another 10 countries and interviews with other Members of the Parties to the Convention on Biological Diversity, the GEF Secretariat, its Implementing Agencies and other biosafety donors. The reported will be submitted for consideration at the GEF November 2005 Council meeting.

Monitoring

75. Council decided in November 2004 that the PPR report should be renamed to "GEF Annual Performance Review." Council is presented at this meeting with the first annual review, GEF/ME/C25/1 This year the GEF Annual Performance Review concentrates on the analysis of the quality of Terminal Evaluations, the quality of project's M&E systems and presented in IA terminal evaluations and factors affecting elapsed time in the preparation of GEF projects. The report draws from the review of 75 terminal evaluations that have been submitted to the GEF from January 2003 to June 2004. OME staff and consultants carried out reviews of terminal evaluations which were sent to IAs for comments. The task force and the January 2005 Interagency meeting discussed the preliminary

results of this review. Prior to its finalization, OME sent the draft report for comment to all GEF agencies. Management responses are included in an annex of the Annual Performance Review.

76. OME decided to discontinue the Specially Managed Project Reviews. The main reason for this cancellation was its high demand on financial and human resources from all involved, not only from OME of M&E but also from IAs, GEFSEC and projects. Although it was considered a very good modality to learn about the implementation of projects it was determined that it was not cost-effective. Summaries of each of the SMPRs conducted this year are available in the GEF OME website.

77. The GEF Office of M&E worked with the GEF Secretariat and IAs to finalize the biodiversity indicators for mainstreaming biodiversity into production sectors (GEF Biodiversity Strategic Priority 2). In addition, a system has now been established where all new projects coming to the GEF Council for approval will include a copy of the “tracking tools” to measure effectiveness of protected areas and mainstreaming of biodiversity into production sectors. This will enhance the project baselines. These tools will be completed again for every project at midpoint and at project completion. In climate change, the current program indicators will be amended based on the recommendations from the Climate Change program Study, with regard to global impact, market transformation and portfolio indicators.

78. OME verified, as requested by Council, the achievements towards the GEF-3 targets. The verification was presented to Council in November 2004.

Consultative Process

79. OME launched the consultative process with a brainstorming workshop with relevant GEF monitoring and evaluation partners in January 2005, which united, for the first time, both evaluation experts; monitoring practitioners and managers from the three Implementing and the executing agencies, the GEF Secretariat and OME of M&E.

80. The partners have reached agreement on the need to establish “minimum standards” for M&E in line with best practice; making the participation of Agency evaluation offices part of GEF M&E policy; that GEF partners should increase and strengthen joint initiatives such as the planned joint evaluation on the activity cycle and modalities. The workshop also recommended that OME of M&E should focus on Evaluation by transferring all responsibilities for monitoring to line departments, but continue to play a role in quality assurance of the monitoring function.

81. The partners have also discussed the coverage of the M&E policy, including standards for project-level monitoring and evaluation; clarifying roles and responsibilities; joint evaluation mechanisms; the transfer of the monitoring role combined with providing advice and support to other partners on the new division of labor; knowledge and learning; and oversight.

Knowledge Management and Dissemination

82. As a part of the strategy for knowledge sharing and feedback, OME has developed several learning products and reports, and is formulating a dissemination strategy. The three focal area program studies in Biodiversity, Climate Change, and International Waters conducted in 2003-2004, have been published and disseminated to Council members, Implementing Agencies, and other stakeholders as hard copies and CD ROMs. The studies are also available on the GEF web site.

83. OME of M&E coordinated four Specially Managed Project Reviews (SMPRs) in 2004. These reviews assess how GEF projects are implemented in conformity with project objectives and GEF policies, and provide lessons on project design and implementation. OME has summarized the SMPR questionnaires and produced informative reports which are disseminated on the GEF website. Furthermore, OME has improved the M&E web pages to make them easier to access, read, and print.

FY05 Budget and Estimated Expenditures for OME

84. OME estimates that the approved 2005 budget and additional contingent supplement of \$250,000 will cover the expenses of OME. The next table presents a comparison between the FY05 approved budget and the FY05 actual estimated expenses.

| FY04 Actual | Expense Category | FY05 budget | FY05 Estimated |
|------------------------|--|------------------------|---------------------------|
| 1,048,574 | Staff Costs | 1,578,000 | 1,320,450 |
| 889,702 | Salaries and Benefits | 1,362,000 | 1,263,500 |
| 158,372 | Travel | 216,000 | 55,950 |
| 500 | Training | 0 | 1,000 |
| | | | |
| 806,493 | Consultant Costs | 473,000 | 580,531 |
| 43,131 | Fees (long-term) | N/A | 152,067 |
| 588,596 | Fees (short-term) | N/A | 379,057 |
| 174,766 | Travel | N/A | 49,407 |
| | | | |
| 0 | Council Costs | 0 | 0 |
| 0 | Logistics | 0 | 0 |
| 0 | Council Travel | 0 | 0 |
| 0 | NGO Consultations (logistics and travel) | 0 | 0 |
| | | | |

| FY04 Actual | Expense Category | FY05 budget | FY05 Estimated |
|------------------------|--|------------------------|---------------------------|
| 64,326 | Contractual Services | 52,000 | 190,502 |
| 64,326 | Contracts with firms | 52,000 | 190,502 |
| | | | |
| 38,165 | Publications, Media, Web, and External Outreach | N/A | 25,960 |
| | | | |
| 203,597 | General Operations Costs | 218,000 | 260,000 |
| 125,572 | Office Space, Equipment and Supplies | 113,000 | 110,000 |
| 72,988 | Communications and Internal Computing | 105,000 | 140,000 |
| 5,037 | Representation and Hospitality | N/A | 10,000 |
| | Transfer from GEF Secretariat Corporate Budget | 75,000 | --- |
| 0 | Contingencies | 250,000 | 259,672 |
| 2,161,155 | Total Expenses | 2,646,000 | 2,637,115 |
| (3,845) | Over/(Under) Run | 0 | 8,885 |

* Extra allocation to program studies applicable to FY04 only

** Contingent and supplemental allocation applicable to FY05 only

N/A Expenditure categories

85. Council approved in November 2004, a temporary and contingent budget supplemental of US\$250,000 to support the consultative process initiated and prepare for new activities. The contingency budget was extremely useful and covered the cost of several activities, mostly new and additional to the FY05 approved program. As explained above the consultative process has been initiated with a major meeting between OME and representatives from IAs and EAs' evaluations and operations departments. As the first tangible output of this meeting is the intent to conduct a joint evaluation on the GEF project cycle and GEF modalities. In addition, the contingency budget provided funds to begin the preparations for the evaluation of the GEF biosafety program and the study on the project cycle, requested by Council in November 2004 as an additional task. It also partially covered the cost of the new Director's visits to all IAs and several EAs in the process of learning more about the GEF operations and procedures. Finally, this additional funding helped in covering additional activities required to completing the Climate Change and International Waters Program Studies and the Local Benefits Study that were not envisioned at the beginning of these very complex studies. Expenses were just over \$250,000.

FY05 Budget and Estimate Expenditures for OPS3 Trust Fund

86. The following table presents an accounting (budget vs. estimated by the end of year) of the OPS3 Trust Fund approved by Council in May 2004 to conduct the OPS3 study.

**Table 5. OPS3 Budget and expense report (according to budget approved in TORs).
Funds executed as of May 3, 2005**

| Items | Budget (approved in TORs) | Disbursed (as of April 30, 2005) | Estimated (end of FY05) | FY06 |
|---|---------------------------------|--|-------------------------------|-----------|
| Item 1. OPS3 Independent Team (fees, travel, daily living expenses, administrative support) | 1,064,550 | 779,223 | 1,064,550 | 0 |
| Item 2. Other Consultants (short term international experts and local consultant fees) | 176,000 | 176,000 | 176,000 | 0 |
| Item 3. GEF M&E Unit (management, administrative support, travel) | 250,000 | 267,038 | 267,038 | 0 |
| Item 4. Regional Workshops | 210,000 | 186,642 | 186,642 | 0 |
| Item 5. Translation, printing, dissemination (*) | 150,000 | 0 | 0 | 150,000 |
| Sub-total | 1,850,550 | 1,408,905 | 1,694,230 | 150,000 |
| Contingency (10%) | 185,055 | 58,025 | 182,080 | 0 |
| Total | 2,035,605 | 1,466,929 | 1,876,310 | 2,026,310 |
| Balance | | | | 9,295 |

(*) Report will be published in FY06