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An Evaluative Approach to Assessing the GEF's Additionality



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An Evaluative Approach to Assessing the GEF's Additionality

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Foreword

The GEF Instrument states that the GEF funds the incremental or additional costs associated with transforming a project with national/local benefits into one with global environmental benefits. The GEF has addressed these considerations in practice through the incremental cost approach adopted in 1994.

The GEF Independent Evaluation Office (IEO) evaluated the GEF's incremental cost approach in 2016. It found that incremental reasoning was not fully acknowledged or incorporated in project objectives and design during project preparation. In response, the GEF Secretariat prepared operational guidelines for application of the incremental cost principle; these provide a pragmatic, simplified, strategic, and cost-effective approach for determining the incremental costs in GEF projects. Nonetheless, measuring additionality in terms of global environmental benefits has been limited.

Based on the need to develop a more robust evaluative approach to assessing GEF additionality including and beyond the generation of global environmental benefits, the GEF IEO identified developed six areas of additionality: specific

environmental additionality, legal/regulatory additionality, institutional/governance additionality, financial additionality, socioeconomic additionality, and innovation additionality. This framework seeks to provide a systematic structure for capturing the GEF's ability to generate additionality. The GEF IEO has applied this framework to ongoing evaluations to capture GEF impact.

The additionality framework is an example of the GEF IEO's ongoing efforts to rise to the challenge of providing better evaluation results for the GEF. It was presented as part of the Office's Semi-Annual Evaluation Report to the GEF Council Meeting in December 2018. The GEF Council has endorsed the methodology for capturing GEF additionality. Its adoption will be reflected in the GEF IEO's forthcoming evaluation policy and in an update to its terminal evaluation guidelines.



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This study was led by Kyoko Matsumoto, Senior Evaluation Officer in the Global Environment Facility's Independent Evaluation Office (GEF IEO). Hans Boehmer, Senior Consultant to the IEO; Neeraj Negi, Senior Evaluation Officer; and Molly Watts Sohn and Peixuan Zhou, Evaluation Analysts; were members of the core team. Baljit Wadhwa, Senior Evaluation Officer, helped with the early formulation of the approach paper

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The GEF IEO is grateful to all of these individuals and institutions for their contributions. Final responsibility for this report remains firmly with the Office.

Abbreviations

CEO	Chief Executive Officer	PA	protected area
GEF	Global Environment Facility	PCB	polychlorinated biphenyl
IEO	Independent Evaluation Office	UNDP	United Nations Development Programme
IFC	International Finance Corporation		

Note: All dollar amounts are U.S. dollars unless otherwise indicated. The nominal GEF replenishment periods are as follows:

Pilot phase: 1991–94	GEF-4: 2006–10
GEF-1: 1995–98	GEF-5: 2010–14
GEF-2: 1999–2002	GEF-6: 2014–18
GEF-3: 2002–06	GEF-7: 2018–22

Executive summary

Since its inception in 1992, the Global Environment Facility (GEF) has been at the forefront of leveraging local investments to achieve global impact. The concept of generating additional global environmental benefits through targeted GEF financing has been the cornerstone of its work. Yet, accounting for the GEF's additionality—additional benefits that are attributable to the GEF—has remained a challenge. This report proposes an approach to assess the GEF's additionality that is based on the evolving nature of GEF projects and supports the results measurement system of the GEF. At the same time, it seeks to reinforce careful project design and strengthened implementation, including monitoring and evaluation.

It has been challenging to determine the value added by the GEF's contributions to projects. As an institution that is critically dependent on its partner agencies and their expertise and financing, the challenge for the GEF has always been to determine the difference between actions that would have been taken by agencies themselves (without any GEF contribution), and those that were ultimately taken by drawing on GEF funding. The determination of this counterfactual has driven much of the GEF's approach to determining its additionality. While the concept is appealing, it has also proven to be limiting.

The incremental cost approach has its limitations in measuring the direct and indirect impact of the GEF through its financial and nonfinancial roles. One of the founding operational principles of the GEF is the incremental cost, which is the increment, or additional costs, associated with transforming a project with national/local benefits into one with global environmental benefits. The incremental cost is a yardstick for determining the GEF's additionality. Refinements to the incremental cost approach have provided opportunities to incorporate project design aspects that underpin global environmental benefits through incremental reasoning, which asks how the project design with GEF participation has changed. Yet, as much as the approach introduced rigor into the analysis of projects, limitations have been observed.

The GEF is a unique partnership that thrives on pursuing both environmentally effective projects with attributable outcomes, while also bringing its influence and the agreements reached through global environmental conventions to bear in shaping how global environmental commons are protected and nurtured. Assessing the GEF's environmental additionality can therefore not be measured in a “one-size-fits-all” approach. The direct and indirect ways in which the GEF shapes the impact on global environmental benefits

through its financial and nonfinancial roles need to be fully recognized.

As progress in meeting global goals in a number of GEF-related areas is falling behind agreed targets, the GEF's most important role is frequently in its longer-term impact. Those may be innovative and transformational projects that change behaviors, catalytic investments that allow the private sector to benefit from early demonstration projects, or investments to create new markets. It should also include efforts to scale up small successful projects through the subsequent investments by multilateral or bilateral institutions, or the private sector, to levels that could never have been achieved within the constraint of the GEF's resources.

A strong theory of change and a robust monitoring system underpin the additionality approach presented in this report. This report proposes an approach to assessing additionality that draws on the logic of the incremental cost approach, the counterfactual, and the attribution of global environmental benefits to the GEF's interventions. The cornerstone for the future assessment of environmental and other additionalities presented in this report are (1) a robust tracking of direct environmental outcomes, and (2) a strong theory of change that links direct benefits, broader impact, and sustainability with the expectation of spelled-out assumptions and linkages. The proposed approach extends the incremental cost methodology by recognizing a much broader range of additionality factors that lead to a positive impact on global environmental benefits, some of which may not be attributable solely to the GEF. Finally, it relies on the development of a strong theory of change that allows for an explicit articulation of pathways that lead to long-term impact to leverage the initial GEF involvement.

The GEF IEO classified additionality into six factors drawing from the recent academic studies

and portfolio review. The six areas of GEF additionality are: specific environmental additionality, legal and regulatory additionality, institutional and governance additionality, financial additionality, socioeconomic additionality, and innovation additionality. For example, specific environmental additionality indicates whether the GEF provides a wide range of value-added interventions/services to achieve the global environmental benefits.

The portfolio review reveals the difficulties of finding evidence of the GEF's planned additionality in the section on incremental cost reasoning. The explanation of incremental reasoning remains generic and often does not include baseline data. Seventy-two percent of the projects reviewed included explanations of incremental reasoning in the project appraisal document, and 40 percent of the projects had no quantitative environmental baseline in the request for Chief Executive Officer endorsement or project appraisal document.

The specific environmental additionality is prominently articulated at project closure; innovation is seldom mentioned as GEF additionality. Seventy-seven percent of GEF-4 projects reviewed provided evidence in the terminal evaluations that intended specific environmental additionality was achieved. On the other hand, the GEF-funded projects explicitly aiming to achieve progress, such as innovation, are only 11 percent in the GEF-4 portfolio.

The proposed approach to assessing the environmental and other additionalities of the GEF will require revisions to the evaluation policy and the guidelines for terminal evaluations. The adoption of the proposed approach to assessing the GEF's additionality will require modifications to the GEF's Evaluation Policy and to the "Guidelines for GEF Agencies in Conducting Terminal Evaluations for Full-sized Projects" (GEF IEO 2017b). In addition, the GEF Secretariat will also need to track results relating to capacity building, legal and regulatory

changes, and market incentives in addition to the well-grounded emphasis on measurement of global environmental benefits. On the GEF Agency side, more emphasis needs to be placed on clear articulation of a project's theory of change that also clearly explains the role of the GEF's contribution in achieving environmental and other

development outcomes. For the GEF Independent Evaluation Office, this means evaluating whether newly designed projects allow for an assessment of the GEF's additionality, and eventually incorporating additionality aspects into evaluations.

Introduction

Since its inception in 1992, the Global Environment Facility (GEF) was intended to serve as a catalyst for greater global action. Over the past quarter century, the GEF has become the financial mechanism for the implementation of five major international conventions and works in partnership with 18 Agencies. The GEF's focus was always to bridge the gap between local or national benefits and actions, and global environmental benefits. It was clearly intended to address a market failure as national and local actions would not take into consideration the externalities that have an impact on the global environment.

The GEF has been effective in mobilizing cofinancing for its activities from its partners. Benefits from cofinancing, such as efficiency gains, risk mitigation, harnessing synergies, and greater flexibility in activities that the GEF may support, have been discussed in detail in the past works of the GEF Independent Evaluation Office (IEO), such as *GEF Annual Performance Report 2009* and the *Fifth Overall Performance Study of the GEF* (GEF IEO 2010, 2014). Mobilization of cofinancing for a project ensures that GEF resources go farther. However, cofinancing alone does not ensure that a GEF grant adds substantial value in terms of global environmental benefits. Therefore, it is important

that the value added by the GEF contributions is also understood.

A central concern for the GEF, as it is for other development institutions, is the attribution of its support to environmental impact. Most development institutions, whether they fund programs directly or through other implementing agencies, focus on increasing the total flow of resources going toward a particular cause. A frequent concern that is raised is in regard to the additionality that is generated by multilateral development banks and other development institutions. In other words, did their funds displace (crowd out) other funding that would have materialized? Equally important, what outcomes can truly be attributed to the additional funding, and what part of the outcomes would have happened even without additional funding?

For the GEF, these considerations were addressed at the outset through the incremental cost approach. The GEF has adopted the incremental cost as its fundamental operational principle since 1994. The aim was to ensure that GEF funds do not substitute for existing development finance but provide additional funding to produce agreed global environmental benefits. However, the

evaluation by the GEF IEO of the incremental cost approach found that it added little to the operational aspects of project preparation, was often poorly understood in its concept, and at times could even lead to operational modifications that ran counter to other global environmental benefits or good development practices (GEF IEO 2007). The current measurement of the incremental cost approach is described in annex A.

Members of the GEF Council and the GEF Agencies have informally expressed to the GEF IEO their interest in a simple and understandable approach to assessing the GEF's environmental and other additionalities. Despite modifications and clarifications in the guidelines in 2007 to the implementation of the incremental cost approach, the ability to appropriately account for the additionality in terms of global environmental benefits has been difficult. At the same time, there have been modifications in program eligibility that have allowed for a more flexible approach to designing operations that could be funded by the GEF. This includes moving toward programmatic approaches and multifocal projects and launching Integrated Approach Pilot Programs in an attempt to address global environmental benefits in a more holistic fashion. Most recently, as part of GEF-7, these approaches were further sharpened by identifying Impact Programs that cut across focal areas and offer opportunities for greater synergies and a higher impact.

The GEF has been working on rigorous measurement of outcomes and objectives toward global environmental benefit achievement; less attention is paid to capture broader impacts. In practice, GEF projects have been frequently designed to achieve broader impact beyond project direct environmental benefits. Despite the adoption of the incremental reasoning approach and other studies on broader impact beyond direct environmental benefits of the project (see [discussion in chapter 4](#)), implementation and evaluation

practices have not sufficiently changed to recognize and support both rigorous measurement of environmental outcomes, as well as other objectives that support the achievement of global environmental benefits in the longer term. At the approval stage, GEF projects frequently consider ways in which individual projects can increase their impact in line with the emphasis of the evolving results architecture of the GEF. This can take place through direct actions that may lead to broader change, or through support for longer-term development of a more favorable environment in which global environmental benefits can be achieved. However, during the implementation process, less attention is paid to these benefits, and terminal evaluations rarely consider them in assessing the overall success of projects.

Recognizing the need for a more robust evaluative approach to assessing the environmental and other additionalities of the GEF, this report introduces and proposes a framework that builds on the evolving nature of the GEF portfolio and policies to capture results of the GEF. The proposed approach to assessing additionality aims to align the additionality concept with current strategies and practices. In doing so, it seeks to build on the current results architecture for the GEF and the practice that many projects have already followed in their design. At the same time, the framework challenges projects from the design stage through completion to retain a clear focus on articulating how the GEF funding enables greater impact. The aim is to provide a systematic structure for capturing the GEF's ways of generating additionality, while staying true to the basic principle of demonstrating the incremental contribution that is provided by having the GEF support the operational programs of the GEF Agencies.

Common practices in determining additionality

The literature and practices in assessing additionality have evolved significantly toward accounting for factors beyond the immediate project objectives. Considering that the incremental contribution arising from the work of development institutions (multilateral, bilateral, as well as civil society organizations and nongovernmental organizations) often remains difficult to define, it is not surprising that there is a significant body of literature and a variety of practices to draw on. The term “additionality” is based on the project and program evaluation principles of establishing a strong counterfactual to derive the true impact on development outcomes of a project or program. At the project level, there is extensive literature that has been developed in recent years with the help of multilateral development banks.¹ Establishing the preconditions to accurately assess the impact of projects requires early development of monitoring systems and clear counterfactuals—a challenge for most development institutions. Beyond the general agreement on the relation to a counterfactual,

however, little progress has been made in reaching a common definition, or measurement (Oxfam International 2017).

There appears to be a general recognition to separate financial additionality—such as drawing private sector investment into solving developmental problems through commensurate public policies or investments—and developmental additionality, such as regulator reform, capacity building, and other factors that are associated with positive long-term development outcomes. The Organisation for Economic Co-operation and Development’s Development Assistance Committee, for example, studied the role of drawing in private sector investments through public development interventions (Benn, Sangaré, and Hos 2017).

Few organizations have a longer track record in seeking to demonstrate additionality than the GEF. For many institutions, the GEF still serves as the leader in defining additionality and pointing to an implementable framework. On the other hand, it is also recognized that the GEF is a special case where the baseline—the without-GEF scenario—is expected to show additionality compared with the current situation where no intervention has taken place. The GEF’s additionality is the incremental

¹ For example, the World Bank brought out a practical guide based on extensive experience (Gertler et al. 2011); more recently, the Asian Development Bank issued a similar book with updated practices and material (White and Raitzer 2017).

contribution from GEF involvement above and beyond the additionality that would have occurred in the GEF's absence, while typical projects assess their impact based on a counterfactual and a baseline analysis. This "double increment" has most often been used in the climate finance area related to the offsets of emissions of greenhouse gases. This case of additionality has also been discussed in the Clean Development Mechanism.

The concept of additionality has also been broadly applied to the assessment for developing private markets in general. For example, the concept of additionality was applied to the program of payment for ecosystem service programs by Bennett (2010). Numerous GEF studies have also pointed to the catalytic role that the GEF can play in reducing the risk to entering markets for private investors. As a first mover, or promoter of innovative technologies, GEF operations have a strong link to the private sector. The same is true for the GEF's work on regulatory reform that allows for a level playing field in adopting environmental standards.

Multilateral development banks have by now mostly adopted their own definitions of additionality, which is becoming important in reporting to shareholders. Unfortunately, they provide little guidance for the GEF apart from a clear indication that additionality is related to the institution's understanding of how it generates value addition to the development process (table 2.1). While the practical application of these definitions varies, they are becoming increasingly relevant in reporting to shareholders. This is perhaps no more so than for the International Finance Corporation (IFC). Since 2005, the IFC had developed a Development Outcome Tracking System, which subsequently led to measuring the IFC's development impact, and an in-depth evaluation of the IFC's monitoring and evaluation system and additionality (IEG 2008). The IFC has subsequently issued several papers on its additionality and incorporated the concept in much of its operations. In addition, in 2018, a multilateral development bank task team on additionality drafted the Multilateral Development Banks' Harmonized Framework for

TABLE 2.1 Additionality in multilateral development banks

Institution	Description of additionality
African Development Bank	The principle that external resources do not substitute for national resources. Verification of resource additionality requires a sound knowledge of the level of expenditure prior to financing, a hypothesis on the evolution of internal resources, and a verification of expenditures made.
Asian Development Bank	Based on (1) whether Asian Development Bank finance was a necessary condition for the timely realization of the project, through direct mobilization of funds and/or indirectly by providing comfort to other financiers; and (2) whether the Bank's contribution to the project design and function improved the development impact.
European Bank for Reconstruction and Development	The extent to which the client would have been able to secure financing from market financiers, on acceptable terms, and to what extent the Bank's impact on the existence, design, or functioning of a project enhances transition impact.
Inter-American Development Bank	The value added by the Bank's contribution to enhance a project's long-range sustainability prospects or its development benefits.
IFC	The benefit or value addition IFC brings that a client would not otherwise have. In other words, the additionality is a subset of its role that is unique to IFC and that cannot be filled by the client or any commercial financier.

SOURCE: IEG 2008.

Additionality in Private Sector Operations (World Bank 2018), which was formed in response to a G7 request.

The academic interest in examining and broadening the concept of additionality is also expanding. Based on a review of the academic literature, it seems evident that the trend for measuring additionality points in the direction of a broader understanding that places increasing emphasis on development outcomes. Several authors and institutions had also looked at defining additionality

around types of additionality, recognizing that in the development context, not all benefits are derived purely from the achievement of narrowly defined project objectives. Table 2.2 summarizes the areas of additionality that include studies with relevance for the GEF's activities. For example, in his work, Gillenwater (2012) consolidated 23 variations of additionality in climate policy literature. Also, the study done by the Donor Committee for Enterprise Development summarized 20 selected donor funds and other cost- and risk-sharing mechanisms (Heinrich 2013).

TABLE 2.2 Academic studies on additionality

Author	Type	Area examined
Gillenwater (2012)	23 types of additionality were consolidated from different authors and sources in climate policy literature (e.g., financial, investment, regulatory additionality)	Climate policy
Heinrich (2013)	3 types (input or financial, behavioral, output/outcome); for simplicity, aspects of behavioral and output/outcome additionality related to development results of partnerships will be summarized under the term development additionality	Donor support program
IFC (2013)	21 types under five clusters (financial risk mitigation, nonfinancial risk mitigation, policy setting, knowledge/innovation, standard setting)	IFC's investment
Valatin (2012)	22 types under three clusters (environmental, legal/regulatory/institutional, financial/investment)	Climate change mitigation activities

Review of additionality in a sample of GEF projects

3.1 Methodology

The GEF IEO conducted a review of project documents at the Chief Executive Officer (CEO) endorsement stage and of terminal evaluations in 97 purposively selected and completed projects from the GEF-4 cohort. This cohort comprises all GEF-4 full-size projects funded through the GEF Trust Fund with results available and verified in past annual performance reports and with outcome ratings of moderately satisfactory or higher. Child projects were excluded from the analysis. For GEF-5 and GEF-6, 30 projects were randomly selected and reviewed for quality at entry. The GEF-5 and GEF-6 projects served as a comparison group to identify changing trends at the CEO endorsement stage in line with changing guidelines.

At the CEO endorsement stage, projects “discuss the value-added of GEF involvement in the project demonstrated through incremental reasoning,” as well as in the project results framework. A purposive sample of GEF projects was reviewed for assessing how additionality is expressed at the CEO endorsement stage. The focus of the sample portfolio review was based on the 2007 “Operational Guidelines for the Application of the

Incremental Cost Principle” (GEF 2007), which stipulates that “once the proposal is fully prepared and submitted for CEO endorsement, the section in the project document on incremental reasoning will describe the expected global environmental benefits in the context of the focal area under which the proposal has been submitted for GEF funding. The project’s contribution to expected global environmental benefits will be reflected by appropriate impact indicators and targets in the project results-framework” (GEF 2007). At the stage of CEO endorsement, the incremental cost reasoning and the GEF’s role should be laid out in a “one-page narrative explaining the distinction between GEF increment and underlying project” (GEF 2007).

While the GEF-4 period is the most recent period with a substantial share of completed projects and available evaluation results, GEF-5 and GEF-6 projects have been included in the analysis to identify how—at the CEO endorsement stage—projects intend to address the need to achieve additionality.

The review of the portfolio looked specifically through the incremental reasoning section of the request for CEO endorsement document to identify the areas where the GEF could provide

additionality benefits. Those were effectively divided in two broad categories—(1) additionalities that were part of a project’s outcomes and should have clear progress measures reported at completion, as well as (2) additionality pathways that were dependent on longer-term efforts beyond the project completion. Those longer-term efforts are critical for the sustainability of outcomes although a clear attribution to the GEF’s interventions can no longer be expected. However, between (1) and (2) are actions that aim to ensure the sustained progress of the outcomes achieved at completion. Ideally, projects would have a clear linkage between the project interventions, the specific environmental additionality, supporting outcomes that can promote environmental additionality in the future, and a path toward broader impact and sustainability.

Drawing on recent academic studies and GEF interventions from portfolio reviews, the GEF IEO classifies additionality into six areas, as reflected in table 3.1: specific environmental additionality, legal and regulatory additionality, institutional and governance additionality, financial additionality, socioeconomic additionality, and innovation additionality. The portfolio analysis is based on these six areas of additionality.

3.2 Results

The incremental cost reasoning often remains generic, and quantitative environmental indicator baseline information is absent in more than a third of the documents. The portfolio review reveals the difficulties in finding evidence of the GEF’s planned

TABLE 3.1 Six areas of GEF additionality

Area	Description	Identification of additionality
Specific environmental additionality	The GEF provides a wide range of value added interventions/services to achieve the global environmental benefits (e.g., carbon dioxide reduction, reduction/avoidance of emission of persistent organic pollutants)	Has the project generated the global environmental benefits that would not have happened without GEF intervention?
Legal/regulatory additionality	The GEF helps stakeholders’ transformational change to environment sustainable legal/regulatory forms	Has the project led to legal or regulatory reforms that would not have occurred in the absence of the project?
Institutional additionality/governance additionality	The GEF provides support to the existing institution to transform into efficient/sustainable environment manner	Have institutions been strengthened to provide a supportive environment for achievement and measurement of environmental impact as a result of the project?
Financial additionality	The GEF provides an incremental cost that is associated with transforming a project with national/local benefits into one with global environmental benefits	Has the involvement of the GEF led to greater flows of financing than would otherwise have been the case from private or public sector sources?
Socioeconomic additionality	The GEF helps society improve livelihood and social benefits through GEF activities	Can improvements in the living standard among population groups affected by environmental conditions be attributed to the GEF contribution?
Innovation additionality	The GEF provides efficient/sustainable technology and knowledge to overcome the existing social norm/barrier/practice for making a bankable project	Has GEF involvement led to a fast adoption of new technologies, or the demonstration of market readiness for technologies that had not previously demonstrated their market viability?

additionality in the section on incremental cost reasoning because the explanation remains generic and often does not include baseline data. Annex 1 of the “Operational Guidelines for the Application of the Incremental Cost Principle” includes information requirements of the GEF project cycle stages (GEF 2007). Projects were reviewed for compliance with the information requirement. Fifty-four percent of the projects reviewed (69 out of 127) met the requirement within the request for CEO endorsement. An additional 18 percent (23 out of 127 projects) referred the readers to sections of the project appraisal document for an explanation of the incremental reasoning (table 3.2).

While 21 percent (27 of 127 projects) of the projects reviewed include a quantitative environmental baseline within their discussion of incremental reasoning in the request for CEO endorsement, an additional 40 percent (51 of 127 projects) contain a quantitative environmental baseline elsewhere in the request for CEO endorsement or project appraisal document, so that 61 percent of the projects reviewed provided this information somewhere within their proposal documents.

Environmental additionality is prominently articulated at project closure; innovation is seldom mentioned as a GEF additionality. GEF-4 projects were reviewed at closure for achievement of

planned additionalities to identify patterns. The absence of an additionality should not be seen as a negative factor as the project design may not have been suitable for some additionality areas. However, at the portfolio level, the pattern of additionalities may provide valuable insights.

Seventy-seven percent of GEF-4 projects reviewed provided evidence in the terminal evaluations that the intended specific environmental additionality was achieved (table 3.3). A surprising element in the outcomes where GEF-funded projects explicitly aim to achieve progress is the low number of projects that consider innovation as an area of additionality (11 percent in GEF-4, and 19 percent overall).

There is limited common understanding of additionality beyond the specific global environmental benefits. One weakness in the GEF IEO’s ability to assess the additionality of GEF projects lies in the absence of a common understanding of additionality beyond the specific global environmental benefits. Additionality is frequently not distinguishable from the overall project design, and without clear quantifiable analysis of the counterfactual, it is impossible to attribute the extent to which, for instance, regulatory reform acceleration was attributable to the GEF’s participation. Even more so, in areas of reform that go well beyond the confines of

TABLE 3.2 Share of projects reviewed with adequate explanation of incremental reasoning and quantitative environmental baseline information in request for CEO endorsement (%)

Item	GEF-4 (n = 97)	GEF-5 (n = 14)	GEF-6 (n = 16)	Total (n = 127)
“Incremental Reasoning” section in Request for CEO Endorsement adequately explains the incremental role of GEF	59	29	50	54
“Incremental Reasoning” section in Request for CEO Endorsement includes a quantitative environmental baseline	26	7	6	21
Quantitative environmental baseline included somewhere other than in the “Incremental Reasoning” section of Request for CEO Endorsement	38	50	44	40
Quantitative environmental baseline included somewhere in project documents	64	57	50	61

TABLE 3.3 Projects with planned and achieved additionalities in GEF-4

Item	Planned		Planned and achieved	
	No.	%	No.	%
Outcome attribution				
Specific environmental additionality	95	98	75	77
Legal and regulatory	59	61	49	51
Institutional and governance	90	93	80	82
Financial	40	41	26	27
Socioeconomic	60	62	52	54
Innovation	11	11	6	6
Broaden impact				
Sustaining progress	24	25	15	15
Scaling-up	13	13	4	4
Mainstreaming	42	43	22	23
Replication	47	48	23	24
Market change	19	20	9	9

NOTE: Based on random sample; $n = 97$.

an individual project, such as institutional capacity building or governance reform, the spill-over effects extend possibly to the full range of activities in a sector. It would not be appropriate to attribute all of these effects to the GEF's contribution.

A well-conceived plan for broader adoption at the project planning stage would increase the probability of achievement at completion. Broader adoption consists of five mechanisms, namely, sustaining progress, scaling up, mainstreaming, replication, and market change. Broader adoption is a step toward transformational change.¹ The GEF-4 portfolio results demonstrate that 85 percent of projects plan for longer-term impacts through sustaining progress, replication, mainstreaming, scaling up, or market change.

¹ The Sixth Comprehensive Evaluation of the GEF defines transformational change as follows: “[it is] characterized by interventions that achieve deep, systemic, and sustainable change with large-scale impact in an area of major environmental concern” (GEO IEO 2017a).

The GEF's contributions may have been underestimated in the past. The portfolio analysis suggests that a narrow look at the incremental cost approach is significantly underestimating the contributions made by the GEF. Additionality is clearly intended across a much wider range. However, apart from the specific environmental benefits, until recently there has been no guidance for measuring baseline data and counterfactuals. The absence of appropriate measurement for expected project outcomes leads to an underestimation or nonreporting of the GEF's additionality. This supports the importance of the strong effort by the GEF Secretariat to streamline environmental indicators and focus on the quality of reporting on quantitative baseline and completion data. Without quality data, efforts to improve the measurement of the GEF's additionality are likely to remain unsatisfactory.

Box 3.1 provides an example of when synergies across focal areas in a multifocal project are not considered in the project design or measurement. Similar underestimation takes place when

BOX 3.1 Missed opportunity for reporting on GEF additionality in generating multiple benefits and synergies across focal areas

The development objective of the Sustaining Agricultural Biodiversity in the Face of Climate Change project (GEF ID 3129; implemented by the United Nations Development Programme) was to conserve and adapt global agrobiodiversity to climate change embedded in the national and local agricultural and rural development policies and practices of Tajikistan.

The terminal evaluation noted:

Although Project was concentrated on climate change and biodiversity conservation issues, wide-scale adoption of sustainable land management practices was beyond the scope of this Project, so environmental benefits in terms of improved soil productivity, reduced erosion, reduced incidence of pest and disease, or sequestration of soil carbon, etc. have not been evaluated within the Project even though they took place... We consider this as a Project's weakness, because no projects related to agricultural activities, especially in mountainous region can avoid the synergy of problems in concern of all the three Rio conventions: CBD [Convention on Biological Diversity], UNFCCC [United Nations Framework Convention on Climate Change] and UNCCD [United Nations Convention to Combat Desertification]. The sustainability of AgroBiodiversity (ABD) conservation activities in mountains cannot be secured without sustainable land management. (UNDP 2015, 29)

the synergies between environmental benefits and reforms that generate a more conducive policy environment are not articulated in measurable terms. Based on a review of the GEF-4 terminal evaluations, it also leads to a mixed picture in

terms of achievement of anticipated outcomes—with some areas exceeding the achievement of outcomes compared with those related to environmental benefits, and others falling well short (table 3.3).

Updated look at additionality in the GEF context

No single measure can capture the GEF's additionality. From the discussion above, it is evident that the GEF's additionality requires a broad definition. This report has therefore adopted the following as additionality:

- Changes in the attainment of direct project outcomes at project completion that can be attributed to GEF interventions; these can be reflected in an acceleration of the adoption of reforms, the enhancement of outcomes, or the reduction of risks and greater viability of project interventions
- Spill-over effects beyond project outcomes that may result from systemic reforms, capacity development, and socioeconomic changes
- Clearly articulated pathways to achieve broadening of impact beyond project completion that can be associated with GEF interventions

GEF additionality goes beyond incremental reasoning. While the term “additionality” is rarely found in GEF strategy documents, several GEF IEO studies have confirmed the role of additionality beyond incremental reasoning (e.g., GEF IEO 2017a, 2019, 2020). After the adoption of the incremental reasoning approach in 2007, the GEF IEO conducted several evaluations to capture the intervention of

the GEF's impacts using different terms that represent the special nature of the role of the GEF. These include studies related to (1) the broader adoption of GEF interventions, (2) the catalytic role played by GEF-funded projects, (3) opportunities for replication and scaling up, (4) the role of transformational interventions, and (5) operations with multiple benefits and synergies across focal areas. However, despite the significant experience gathered through these studies, they were not aimed at developing a coherent terminology that could be used as a consistent framework in articulating these additional benefits in GEF projects.

It is abundantly clear from the content for the focal area strategies that the GEF's impact is seen as reaching well beyond the narrow scope of individual projects. For example, the focal area strategies under GEF-5 include prominently the inclusion of the private sector in mainstreaming biodiversity and the diffusion of technology to address climate change (GEF 2009). Yet, the 2013 Evaluation of GEF-5 Focal Area Strategies (GEF IEO 2013) pointed to significant gaps between the articulation of the strategies and the documented logic in GEF projects. The evaluation was careful to avoid the suggestion that GEF projects were not consistent with the strategy but was equally clear that the

evidence for the implementation of the strategies was lacking. For the purposes of this additionality framework, perhaps the most important recommendation from the evaluation suggests that “strategies should be based on systematic considerations of potential pathways from GEF activities to the broader adoption of GEF results to further define and strengthen the GEF’s catalytic role” (GEF IEO 2013, Recommendation 3). Box 4.1 provides an example of additionality in the chemicals and waste focal area from Morocco.

The initial attempt to extend objectives to have impact on global environmental benefits was included in the GEF-6 results architecture, which demonstrated a distinct evolution from the gap that was identified under GEF-5. In fact, many strategies allude to ways in which the impact of initial GEF investments can be leveraged. These include sustaining progress, mainstreaming, catalyzing, transforming, scaling up, and market change. However, while each of these terms may be self-explanatory within the context of a specific project, they are often poorly defined and overlapping. Nevertheless, they are at the core of the GEF’s additionality.

The broader approach to additionality developed in this report would strengthen the GEF’s results-based approach in the GEF-7 programming directions. With GEF-7, the evolution of the GEF results architecture clearly indicates a shift toward evidence-based decision making and learning. The challenge remains, however, that in some cases, project intentions are ahead of monitoring and evaluation requirements, while for a significant number of projects the intentions to leverage the GEF’s capabilities for broader impact are difficult to discern.¹ In developing an updated additionality

¹ The evolution of the GEF Results Architecture is fully captured in “Updated Results Architecture for GEF-7” which was prepared for the 2018 GEF Assembly (GEF 2018). The document explicitly mentions the need for

framework, one significant task is to give structure to the ways in which additionality in a GEF project manifests itself.

With the continuous strengthening of the GEF results architecture, the recent articulation and adoption of the streamlined monitoring and reporting requirements for GEF-6 and GEF-7 projects, the Council has already approved the foundation for a more rigorous approach to monitoring and evaluating the impact of the GEF. This report is not proposing additional core indicators that the GEF Agencies need to monitor and report on during the project implementation phase. However, to do justice to future assessments of the GEF’s additionality, it is essential that project documentation at concept stage, as well as at completion stage, provides an adequate evidence and data for sound evaluation.

Measurement and evidence on achievement of outcomes will be instrumental in demonstrating additionality. There are many good examples that illustrate the additionality areas covered in table 3.2. The rigorous implementation of actions leading to outcomes beyond the direct environmental benefits will in the future form be the basis for more in-depth evaluations by the GEF IEO into the additionality that is provided by the GEF participation in projects. To the extent that areas of additionality are part of the project outcomes, the expectation is, as with any other outcomes, that the project evaluation provides evidence on the achievement of the outcome. However, unlike with the core indicators defined for environmental benefits, the measure for achievement of the outcome in areas such as regulatory reform will depend on the definition of the change that was expected to be accomplished through the GEF’s participation.

collaboration between the GEF Secretariat and the IEO to update the Monitoring and Evaluation Policy to bring it in line with the evolving results framework.

BOX 4.1 The GEF's additionality in the chemicals and waste focal area—examples from Morocco

The GEF has been working with the government of Morocco and GEF Agency partners in the chemicals and waste focal area since GEF-3. GEF support has generated significant progress in Morocco's chemicals management.

The government of Morocco ratified the Stockholm Convention on POPs in 2004 and submitted their National Implementation Plan for POPs to the Convention in 2006. Several GEF projects have contributed to improved chemicals management, including the development of inventories—notably, under the African Stockpile Programme, P1 (GEF ID 1348; implemented by the World Bank), 850 tons of obsolete pesticides including persistent organic pollutants (POPs) and contaminated materials were inventoried. However, there is still a significant need in the country to complete elimination of hazardous wastes. In 2006, Law 28-00 was adopted, which provides the general framework for the chemicals sector on waste management and disposal. Gaps that remain to be addressed include registration of pesticide products for management.

The GEF's additionality to the management of chemical waste in Morocco took three forms: legal/regulatory, institutional/governance, and environmental additionality. Stakeholders strongly noted that without the GEF, these additionalities would not have been generated.

Legal/regulatory additionality. GEF projects helped mainstream chemicals management in Morocco leading to the development of regulation. Under the GEF projects, laws and subsequent regulations are expected to be finalized and approved. For example, currently, the government is preparing the bills to address life-cycle chemical management for improving traceability after imported chemicals.

Institutional/governance additionality. The GEF projects contributed to enhancing interministerial cooperation. The Project Steering Committees contributed to developing cooperative relationships among ministries, such as the Ministry of Industry, Ministry of Interior, Ministry of Equipment and Transports, Ministry of Energy and Mining, and Ministry of Health, and, of course, the Ministry of Energy, Mining, Water and Environment. According to interviews with government officers, GEF projects also contributed significantly to capacity building and awareness raising for sustainable chemical and waste management in Morocco. Without GEF intervention, the government of Morocco might not have been able to organize activities to promote awareness raising for hazardous waste management to the owners of transformers in Making Polychlorinated Biphenyls Management and Elimination Sustainable in Morocco (GEF ID 9916; implemented by the United Nations Industrial Development Organization) and about the rational use of pesticides in the Disposal of Obsolete Pesticides Including POPs and Implementation of Pesticides Management Programme (GEF ID 4738; implemented by the Food and Agriculture Organization of the United Nations).

Specific environmental additionality. Under the GEF-funded project Safe Management and Disposal of PCBs, Pillar II (GEF ID 3082; implemented by the United Nations Development Programme)—one of two safe PCB management programs implemented with GEF funding—a treatment plant for PCB-contaminated mineral oil was established. This plant is operated by a private company. According to the company's president, without the GEF it would have been impossible to establish it. The plant now serves for the elimination of low concentrations of PCBs in mineral oil, and staff has been trained on standard security requirements. Another project, Making Polychlorinated Biphenyls Management and Elimination Sustainable in Morocco, is expected to further accelerate PCB elimination, decontaminating 613 tons of highly PCB-contaminated transformers and strengthening the regulatory framework for PCB chemical management.

The examples in table 4.1 illustrate good articulation of outcome additionalities that are expected from GEF involvement, as well as the nature of how GEF involvement generates the additionality that would not have occurred in the absence of the GEF. The typical mechanisms to achieving additionality are either through entirely focusing on global environmental benefits, or through enhancing viability, speeding up, and greening, as per the following definitions.

- **Entirely focused on global environmental benefits.** The project is primarily focused on the production of global environmental benefits and no other significant sources of funding are available.
- **Enhancing.** GEF funding will significantly enhance the size of a project which primarily

focuses on generation of global environmental benefits.

- **Viability.** Without GEF grant support, the proposed project, which is expected to generate global environmental benefits, will not be viable.
- **Speeding up.** The GEF grant allows the project to be implemented earlier, and therefore to generate global environmental benefits earlier than it otherwise would.
- **Greening.** Within the proposed project, the GEF grant will be used to mainstream activities that generate global environmental benefits but for which funding from other sources is not available.

Each example is taken from documentation submitted for CEO endorsement.

TABLE 4.1 Examples of additionality articulated in projects

Project
Environmental additionality: Viability; speeding up
<p>Name: Reducing Transboundary Degradation in the Kura-Aras Basin (GEF ID 1375; implemented by the United Nations Development Programme)</p> <p>Objectives: This project aimed to create an enabling framework for the long-term, sustainable integrated management of the Kura-Aras River Basin following integrated water resources management (IWRM) principles and to avoid overuse and conflicting uses of water resources.</p> <p>Articulation: “The GEF project through support of the development of nascent Kura Aras Environmental Program (KAEP) and the formulation of the SAP [Strategic Action Program] and national IWRM plans will provide the crucial regional framework and help to align the planning procedures at the national level. Without the GEF project and its support for implementation of IWRM and application of EU [European Union] Water Framework Directive, the delivery of key Global Environment Benefits such as improved hydrological flows and reduction of persistent toxic substances will be delayed and perhaps even lost, to the detriment of both the river basin and the Caspian Sea.”</p>
Legal and regulatory additionality: Viability
<p>Name: Removing Barriers Hindering PA Management Effectiveness in Vietnam (GEF ID 3603; implemented by the United Nations Development Programme)</p> <p>Objectives: This project aimed to secure a sustainably financed protected area (PA) system, to conserve globally significant biodiversity. By the end of the project: Overall PA system’s financial scorecard scores increased from 67 to 85 by project end, overall capacity scorecard scores increased from 40.9 to 52 by end of project, and Average Management Effectiveness Tracking Tool (METT) scores (for demonstration all sites) increases from 45 percent to 59 percent.</p> <p>Articulation: “Under the “business-as-usual” scenario, Viet Nam’s biodiversity would remain under significant threat, with only minor advances in the effectiveness of individual PAs because of ineffective and inefficient use of financial resources, low individual capacities of PA staff, a lack of experience of approaches to revenue generation, limited information of relevance to PA management, and low public support for the PA system. The project addresses the main barriers that prevent Viet Nam from addressing threats to globally significant biodiversity within its protected area system. One of the barriers is an unclear, complex, and incomplete legal environment for PA management and financing. Under the alternative scenario, Viet Nam’s PA system will be strengthened in a number of ways as compared with the baseline, i.e., the legal and policy environment will have been clarified, made more comprehensive, and brought in line with modern approaches to PA management.”</p>

(continued)

TABLE 4.1 Examples of additionality articulated in projects *(continued)*

Project
Institutional and governance additionality: Enhancing
<p>Name: Strategic Partnership for the Mediterranean Large Marine Ecosystem—Regional Component: Implementation of Agreed Actions for the Protection of the Environmental Resources of the Mediterranean Sea and Its Coastal Areas (GEF ID 2600; implemented by the United Nations Environment Programme)</p> <p>Objectives: This project aimed to promote and induce harmonized policy, legal, and institutional reforms, and fill the knowledge gap aimed at reversing marine and coastal degradation trends and living resources depletion, in accordance with priorities agreed by the countries in the SAP MED and SAP BIO (Strategic Action Programmes for the Conservation of Mediterranean Marine and Coastal Biological Diversity) and to prepare the ground for the future implementation of the integration of climatic variability and change into national strategies to implement the Integrated Coastal Zone Management (ICZM) protocol.</p> <p>Articulation: “The project adds significantly to the ‘regional baseline’ enabling the countries to accelerate the implementation of the two Strategic Action Programs, that on land-based activities and that on biodiversity. Timely implementation of these two SAPs is unlikely to occur in the absence of a GEF intervention, since the level of funding currently available for regional coordinated action is insufficient to address all aspects of these programs. All activities within the proposed project have been based on the priorities identified in the two strategic action plans for the Mediterranean engendered through the Barcelona Convention. Thus, there exists a basis of regional coordination in the selection of priorities for action included in the project. This enhances the probability that the incremental benefits of project activities are maximized and that GEF support will be devoted both to supporting the region in promulgating collective action towards regional priorities.”</p>
Financial: Entirely focused; enhancing
<p>Name: Protecting Biodiversity in the Southwestern Caribbean Sea (GEF ID 3532; implemented by the Inter-American Development Bank)</p> <p>Objectives: The goal of this project is the protection, conservation, and sustainable use of important marine and coastal ecosystems and biodiversity in the Caribbean Sea, through the effective implementation of the Integrated Management Plan of the Seaflower Marine Protected Area (MPA; San Andres Archipelago).</p> <p>Articulation: “Locally available financial and technical resources are insufficient to permit implementation of the Seaflower MPA, meaning that major threats will continue, despite the protected status and legally defined zones. With GEF resources and the technical support of external consultants and project partners willing to contribute to the GEF alternative, the project is poised to launch the identified primary financial sustainability mechanisms during the first half of the project, so that the MPA will be completely self-sustainable by the end of the project’s five years.”</p>
Socioeconomic additionality: Viability
<p>Name: Application of a Regional Approach to the Management of Marine and Coastal Protected Areas in Cuba’s Southern Archipelagos (GEF 3607; implemented by the United Nations Development Programme)</p> <p>Objectives: Globally significant marine biodiversity conserved and sustainably used through an extended, strengthened and integrated network of coastal and marine protected areas in the Southern Archipelagos region.</p> <p>Articulation: “Under the baseline situation, promising examples of integration of conservation and productive activities, and of public/private partnerships, would not be capitalized or replicated to any significant degree. The GEF incremental contribution to the achievement of this alternative situation would be in the form of: increased compatibility between conservation and productive activities throughout the region, due to increased recognition and internalization of interdependences, increased realization of the potential for synergies, improved harmonization of the activities of conservation and productive sector institutions and strengthened capacities for developing and applying regulations.”</p>
Innovation: Entirely focused; viability
<p>Name: Catalyzing Sustainability of Thailand’s Protected Area System (GEF ID 3517; implemented by the United Nations Development Programme)</p> <p>Objectives: The project aimed to overcome barriers to effective management and sustained financing of Thailand’s protected area system.</p> <p>Articulation: “Under the “business-as-usual” scenario, Thailand’s protected area system, which have significant global values, would remain poorly managed, under financed and would not effectively meet conservation objectives. The effectiveness of the protected area system would further suffer from institutional constraints as well as poorly developed financial planning systems. Under the alternative scenario, staff, institutional and systemic financial and operational barriers will be overcome and new management and budget models will be deployed, allowing for improved management and resource administration of the PA system. Project will work on strengthening of four key institutional and strategic aspects of the Thailand protected areas system, including the use of innovative models of PA management, management models and approaches which allow direct input and participation from key stakeholders.”</p>

The examples for outcome additionality correspond directly to the GEF’s generic theory of change (see [figure 5.1](#)), which responds to the focal area strategies to support the achievement of global environmental benefits. At the same time, however, they have been an underdocumented aspect of the GEF’s work, which has made it difficult to assess the full additionality provided through the GEF. In addition, there is an important link between the direct areas of the GEF’s areas of contribution and the environmental impact, namely the ways in which the GEF considers ways to support broader adoption and thus a positive cycle that strengthens the impact on improved environmental benefits. As illustrated in the portfolio data in [table 3.3](#), the factors to achieve broader impact

are much less likely to be spelled out in GEF project documentation.

Although there is a strong case to be made for leveraging the GEF’s contribution, some project outcomes are significant in their own right and sustainability needs to focus on their preservation beyond project completion. However, when possible, and in particular when implicit assumptions are made about broader impact of projects in areas related to piloting new technologies, or changes in market behavior, an explicit articulation of the ways in which broader adoption is meant to be achieved is essential for any ex post evaluation of the GEF’s additionality. Table 4.2 provides illustrative examples from existing project documentation.

TABLE 4.2 Examples of broadening impact articulated in projects

Project
Sustaining progress: Enhancing
<p>Name: Implementation of the Benguela Current LME Action Program for Restoring Depleted Fisheries and Reducing Coastal Resources Degradation (GEF ID 3305; implemented by the United Nations Development Programme)</p> <p>Objectives: The implementation of the Benguela Current Large Marine Ecosystem (BCLME) Strategic Action Programme (SAP) through the adoption of national policy reforms, the sustainable institutionalization of a regional commission, and the endorsement and ratification of a binding international Treaty for the LME.</p> <p>Articulation: “The Project will provide further support to the development of a sustainable funding programme for the Benguela Current Commission (BCC) structure at the regional and national levels which would become part of the formal Treaty agreement to help to ensure the sustainability of the EAF [Ecosystem Approach to Fisheries].”</p>
Scaling up: Enhancing
<p>Name: Sustainable Urban Transport Project (GEF ID 3241; implemented by the World Bank)</p> <p>Objectives: This project aimed to reduce the growth trajectory of greenhouse gas emissions from the transport sector in India through the promotion of environmentally sustainable urban transport, strengthening government capacity to plan, finance, implement, operate, and manage climate friendly and sustainable urban transport interventions at national, state, and city levels, and increasing the modal share of environmentally friendly transport modes in project cities.</p> <p>Articulation: “By consolidating and coordinating the activities of a number of different cities under a single program, the GEF-supported SUTP [Sustainable Urban Transport Project] program as a whole has generated – and will continue to generate – higher levels of positive visibility for BRT [bus rapid transit] and NMT [nonmotorized transport] investments than otherwise would have been the case, thereby increasing the likelihood of replicability among cities around India, including those not associated with the GEF project.”</p>

(continued)

TABLE 4.2 Examples of broadening impact articulated in projects *(continued)*

Project
Mainstreaming: Entirely focused; enhancing
<p>Name: Mindanao Rural Development Program Phase II—Natural Resource Management Project (GEF ID 2975; implemented by the World Bank)</p> <p>Objectives: This project aimed to remove the barriers to mainstreaming marine and coastal biodiversity conservation; through co-management of critical marine habitats; and by the introduction of sustainable land management practices.</p> <p>Articulation: “CMBC2 [Coastal and Marine Biodiversity Conservation2] will further remove the barriers to mainstreaming marine and coastal biodiversity conservation by: (i) establishing local community-based natural resource management mechanisms; (ii) strengthening local capacity to address marine ecosystem and land use management issues; (iii) enhancing the knowledge base for sound ecosystem management and decision-making, including monitoring and evaluation for sustainable long-term marine ecosystem management; (iv) identifying key upstream land management malpractices and introducing and adopting better land use methods through the participatory involvement of communities and households; and (v) developing and implementing institutional and community action plans and local policies for marine biodiversity conservation and sustainable land management and mainstreaming them into coastal development and land use plans”.</p>
Replication: Enhancing
<p>Name: Integrated Natural Resource Management in the Baikal Basin Transboundary Ecosystem GEF ID 4029; implemented by the United Nations Development Programme)</p> <p>Objectives: This project aimed to spearhead integrated natural resource management of Baikal Lake Basin and Hövsgöl Lake ensuring ecosystem resilience, reducing water quality threats in the context of sustainable economic development.</p> <p>Articulation: “Each pilot will include a robust replication element, with peer-to-peer training conducted at the pilot site for relevant policy level, enforcement level, and operator level stakeholders... In order to trigger replication and ensure the sustainability of results, the project will elaborate an online Baikal Information Center designed to be an interactive online resource center with an NGO [nongovernmental organization] Forum and Business and Industry Fora, launched by a series of fora for industry, and local NGOs.”</p>
Market change : Greening
<p>Name: Promoting Energy Efficient Room Air Conditioners (PEERAC) Project (GEF ID 3700; implemented by the United Nations Development Programme)</p> <p>Objectives: This project aimed to reduce China’s future greenhouse gas emissions through transformation of the Chinese room air conditioner (RAC) market to production and sale of more energy efficient RACs.</p> <p>Articulation: “Without the GEF support, the energy utilization performance of Chinese-made Room Air Conditioners (RACs) will remain at a relatively low level compared to other RACs manufactured in Asia. Moreover, the operation of these locally made RACs will further add to the now rapidly growing consumption of electricity in the country. While this fact is widely known by local RAC manufacturers in the country, as well as the local consumers, there are certain barriers that hinder the promotion, production and utilization of energy efficient RAC. Without GEF support for the provision of the incremental cost of removing the barriers that this proposed project intends to remove, the expected potential additional global environmental benefits would not be realized. With the GEF support for the incremental cost needed to create the much needed market pull and technology push to remove the barriers that will in turn facilitate the envisioned market transformation of the RAC market, and in so doing, realize the expected global environmental benefits of reducing GHG [greenhouse gas] emissions.”</p>

Proposed evaluative approach for assessing GEF additionality

The theory of change serves as a fundamental tool to assess the GEF's additionality. The updated approach for assessing the GEF's additionality builds on the GEF's theory of change. In the generic theory of change for the GEF, specific areas of contribution—achieved through the GEF-funded projects—are expected to have a catalytic effect that leads to broader adoption of successful interventions. This catalytic effect, through broader adoption and behavioral change, then generates a virtuous cycle via its environmental impact. Progress in global environmental benefits is assumed to foster further behavioral change and a broadening of sound environmental practices (figure 5.1).

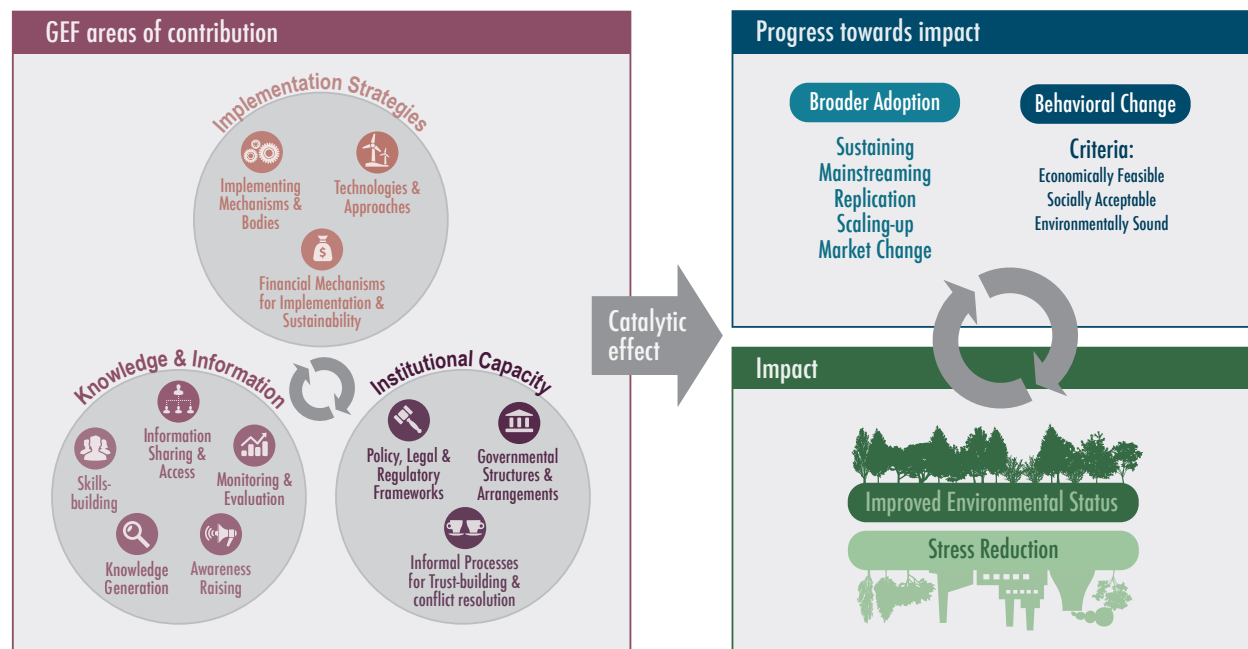
A robust monitoring system for outcomes and impacts is critical for an assessment of the GEF's additionality. The cornerstone for the future assessment of additionality are (1) robust tracking of direct environmental outcomes, and (2) strong theory of change that links direct benefits, broader impact, and sustainability with the expectation of spelled-out assumptions and linkages. As is the case with any theory of change, critical assumptions are often embedded in the linkages between project outputs, outcomes, and their longer-term impact and sustainability. Irrespective

of the specific focal areas, or impact programs, the framework will require projects to identify explicitly the factor(s) that lead to the GEF's outcome additionality. For the direct environmental additionality and other areas of outcome additionality, the expectation is to demonstrate a clear attribution of the incremental benefit to the GEF contribution; that is, following the incremental reasoning approach, a counterfactual should be presented together with the expected project benefits to determine the incremental benefit.¹

Pathways for reaching project impact (beyond outcomes) need to be spelled out clearly in the theory of change. As many projects already expect to have a broader impact than can be attributed directly to the project, it is important for the theory of change to spell out how this is expected to happen, and how it is linked to project interventions. At this point, there is no longer an assumption that a direct attribution to the project

¹This report suggests giving a strong preference to the incremental reasoning approach and using the incremental cost approach as a structured approach for correctly identifying incrementality over the baseline scenario. At the same time, the focus on strong theory of changes cannot come at the expense of weak tracking of direct environmental benefits.

FIGURE 5.1 Generic theory of change for the GEF



interventions can be made, but a plausible case needs to be presented that allows an assessment of the GEF’s contribution to the broader benefit that is expected to be achieved.

While not all projects may be linked to longer-term impact on global environmental benefits beyond project outcomes, this is the area where projects with the potential for a high impact can be separated from less ambitious projects. Given the GEF’s dependence on leveraging its impact through pathways to maximize their impact on global environmental benefits, the expectation would be that most projects devote considerable thought at project design and implementation on living up to this expectation. In contrast to the outcome additionality factors, impact additionality may not be directly attributable to the project interventions, but a plausible pathway for the contribution of the project to the impact on global environmental benefits needs to be made.

In assessing the contribution of a project to the GEF’s additionality, many of the benefits may only materialize following the completion of the project. Pathways that include a trajectory toward mainstreaming, or paradigm shifts, will inevitably require more time than the typical duration of a GEF-funded project. However, where specific project actions are included to increase the likelihood of sustaining the envisaged trajectory that links the project to global environmental benefits, those should be considered as being part of the GEF’s additionality. To assess whether the expected broadening is likely to occur, however, it is important for projects to spell out how, and by when, indicators of broadening should be visible.

Conclusions

Demonstration of clear attribution of results to the GEF's interventions is still a challenge. There is no doubt that one of the most critical questions since the establishment of the GEF is the extent to which resources have been used to support actions that foster global environmental benefits. At the same time, answering the question of the counterfactual—what would have happened in the absence of the GEF—is virtually impossible. Even at the individual project level, where the GEF's contributions are spelled out more precisely at the design stage, it has been exceedingly difficult to make clear attribution of changes in project impact to the involvement of the GEF.

This report presents an expanded approach to assessing the GEF's additionality based on current thinking. By applying this approach consistently to the GEF IEO's work, and thereby fostering the adoption of the same approach during project design and implementation, it should be possible to answer a wide range of highly relevant questions in the future. To do so, the GEF IEO will be addressing additionality in future evaluations using the framework proposed in this report. The GEF IEO also expects that terminal evaluations will take this framework into account.

The broader approach presented in this report will require modifications to the GEF's evaluation practices and related policies and guidelines. The guidelines for GEF Agencies in conducting terminal evaluations will need to reflect this updated approach for assessing the GEF's additionality.

Going forward, for projects approved after the adoption of the framework for the GEF's additionality, evaluations will be looking for documented evidence along a number of dimensions:

At the endorsement stage:

- What is the incremental reasoning?
 - Do baseline quality quantitative data exist for direct incremental environmental benefits?
 - Do baseline scenarios exist for measurable outcomes that strengthen the framework for achieving environmental benefits?
- How is the additionality expected to manifest itself at the completion stage?
 - Is there a clear articulation of how the additionality is expected to manifest itself at the completion stage—for example, faster adoption of legislation, and stronger community

support for actions contributing to environmental benefits?

- Are actions to support the sustainability of the project outcomes addressed?
 - Does the project design explicitly address factors that can strengthen the sustainability of expected outcomes?
 - Is there an expectation that the project will achieve broader impact, and how is this envisaged?

At the completion stage:

- Are the outcomes related to the incremental reasoning?
 - Are there quality quantitative and verifiable data demonstrating the incremental environmental benefits?
 - Do self-evaluations provide evidence of the outcomes achieved in creating a more supportive environment as envisaged at the endorsement stage?

- Can the outcomes be attributed to the GEF contribution as originally anticipated?

- Do monitoring and evaluation documents provide evidence of the causality between the rationale for GEF involvement, and the incremental environmental and other benefits directly associated with the GEF-supported project?
- Are the outcomes sustainable?
 - Is there evidence that project outcomes, both environmental and otherwise, are likely to be sustained beyond the project end?
 - If broader impact was anticipated, is there evidence at the completion stage that such a broadening is beginning to occur, or actions toward the broadening have been taken?

The GEF Council endorses the application of this broader approach to capture GEF additionality in GEF IEO evaluations. This will be reflected in the evaluation policy and in an update to the terminal evaluation guidelines.

Current measurement of additionality: incremental cost approach

The concept of incremental cost was first introduced through the adoption of the Montreal Protocol in 1987.¹ The GEF has adopted the incremental cost approach as its fundamental operational principle since 1994. Specifically, the GEF funds the increment, or additional costs associated with transforming a project with national/local benefits into one with global environmental benefits. Table A.1 shows the evolution of the incremental cost approach for determining the GEF's additionality.

Despite this long experience, the incremental cost approach has shown its limitations. For the GEF, the term “additionality” has been adopted to describe the incremental impact from incremental GEF contributions. An evaluation conducted by the GEF Evaluation Office in 2006 found that the approach was applied consistently across GEF projects (GEF IEO 2007).² However, it also found that there was weak understanding and much confusion regarding the concept and the procedures for its application. Perhaps most importantly, the evaluation found that, as applied at the time, the

incremental cost approach did not add value to the project design, monitoring, or implementation.

The GEF moved to an incremental reasoning approach. One of the recommendations from the 2006 evaluation was to drop the incremental cost assessment and move to “incremental reasoning in project objective and design.” The GEF Evaluation Office suggested that incremental reasoning should be applied in designing a project that will transform a scenario with national benefits into a course of action that generates global benefits, where GEF funding will cover the incremental cost. The Evaluation Office concluded incremental reasoning is fundamental to conceptualizing and designing the project. Detailed guidance accompanied implementation of the incremental cost approach, notably setting out a five-step process to determine incremental cost:

- Determination of the environmental problem, threat, or barrier, and the business-as-usual scenario (what would happen without the GEF?)
- Identification of global environmental benefits and fit with GEF strategic programs and priorities linked to the GEF focal area
- Development of the results framework of the intervention

¹ See GEF IEO (2007) for further details.

² The GEF Evaluation Office is the predecessor of the GEF IEO.

TABLE A.1 Evolution of the GEF's incremental cost approach

Year	Action
1987	Montreal Protocol on Substances That Deplete the Ozone Layer sets the initial precedent for adopting incremental costs as a basis for global environmental benefits
1992	The GEF Instrument states that the GEF functions as a mechanism for international cooperation to manage and allocate funds provided to meet the agreed incremental costs of measures to achieve agreed global environmental benefits Agenda 21 affirms the importance of incremental costs as a principle underlying the financing of actions to deal with global environmental problems and secure global environmental benefits, and emphasizes the need for a substantial flow of new and additional financial resources to developing countries
1994	The GEF sets the initial policy framework for incremental cost assessment
1996	The GEF Policy on Estimating Agreed Incremental Costs is set
1998	"Progress on Incremental Costs" is presented and calls for the process of determining incremental costs with transparent and pragmatic application
1999	"Note on Incremental Costs" (GEF 1999a) and "Report on Incremental Costs" (GEF 1999b) are presented to the GEF Council
2006	The GEF Evaluation Office conducts the Evaluation of the Incremental Cost Assessment
2007	The GEF Secretariat presents the "Operational Guidelines for the Application of the Incremental Cost Principle" (GEF 2007) to the GEF Council

- Provision of incremental reasoning and the GEF's role
- Negotiation of the role of cofinancing

The GEF Council endorsed the incremental reasoning approach. In response to the results of the evaluation, the 30th GEF Council decided that "the incremental reasoning in project objectives and design should be explicitly addressed in appropriate documentation, particularly at the project concept stage, during implementation and at completion" (GEF 2007). However, the Council requested that the current incremental cost assessment and reporting requirements for GEF project proposals should be reformed rather than dropped as had been recommended by the 2006 evaluation (GEF 2007).

The GEF Secretariat subsequently issued "Operational Guidelines for the Application of the Incremental Cost Principle" (GEF 2007). This publication was intended to address the weak understanding of incremental cost concepts and procedures. The guidelines provided a pragmatic, simplified, strategic, and cost-effective approach for determining incremental costs in a GEF project, leading to a shortened and more effective project cycle with less formal requirements. The guidelines demonstrated how to identify the incremental costs of a project, including the value added from business-as-usual during the preparation period.

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