# Achieving transformation through GEF investments

## Information Brief

**May 2021**

STAP SCIENTIFIC AND TECHNICAL ADVISORY PANEL

*An independent group of scientists that advises the Global Environment Facility*

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UN environment programme

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# *Information brief:* Achieving transformation through GEF investments


## Summary

In the face of accelerating rates of global environmental change, the Global Environment Facility (GEF) seeks transformative investments to deliver systemic change and durable global environmental benefits. What qualifies as a transformative goal should be clearly specified and plausible. STAP recommends that the GEF should require that **a *transformative investment* involves a *pathway* to *durable change* at a *sufficient scale* to deliver a *step improvement* in one or more *global environmental benefits.***

Most innovations require scaling to become transformative at the global level. Transformation can occur directly but usually scales from many well-coordinated smaller wins. **A good theory of change is essential** to help assess whether a set of interventions is *necessary and sufficient* to achieve transformational change. A **separate theory of change is needed for scaling** because scaling invariably involves different stakeholders than the original project.

In this brief, STAP provides guidance for its recommendation that the GEF should:

- **be clear which investments in its portfolio are expected to be truly transformative**, and for these;
- **test the goals of the investments to ensure they have sufficiently transformative ambition**; and
- **ensure that the design of the activities provide credible pathways to achieve this transformative ambition**.


## 1 What is meant by transformation?

'Transformation' means different things to different people, and the term is often used to claim global impacts which are not really transformational. The GEF Independent Evaluation Office has defined transformation as "deep, systemic, and sustainable change with large-scale impact in an area of global environmental concern"[1]. There is still latitude for interpretation – what defines 'large scale', 'systemic' or 'sustainable' (durable) change, and how to determine whether it has been achieved?

System transformation is very *scale dependent*: a farmer may transform her farm to a different cropping system to help regional agriculture stay viable without significant regional structural change; regional agriculture may transform from one commodity to another, or from smallholders to commercial agriculture, to help maintain the resilience of a national economy; and the energy systems of national economies may transform to deliver global benefits. STAP recommends that **the GEF should require that a *transformative investment* involves a *pathway to durable change* at a *sufficient scale* to deliver a *step improvement* in one or more *global environmental benefits*** (GEBs).[2]

[1] GEF IEO (2018). 'Evaluation of GEF Support for Transformational Change, Evaluation Report No. 122.' url: https://www.gefieo.org/sites/default/files/ieo/evaluations/files/transformational-engagement-2017_1.pdf.
[2] See https://www.thegef.org/documents/global-environmental-benefits for a list of the GEF's GEBs.

## 2 Pathways to transformation

Effecting a step change in one or more GEBs may occur **(i) by directly causing a transformation that is globally significant** – such as a regional outcome with global significance (e.g. improving the functioning of the Amazon rainforest, known to be a global climate tipping point if lost), or a direct global outcome (e.g. a new global instrument on oceans).

Commonly, though, it will occur **(ii) via a defined pathway to scale a more regional or sectoral outcome.** This pathway might be spreading better dryland management through several countries that cover the same biome (e.g. the Miombo in southern Africa) to have a globally significant impact, or adding up small changes in consumer demand to alter a whole value chain from multiple countries (e.g. coffee, cocoa) and deliver biodiversity benefits of global significance. Site-specific experimentation in farming practices, protected area management, or chemical dump clean-up may establish the value of a particular innovation, but this is not enough: these innovations must be scaled to become transformative.

How can a GEF project or integrated program achieve goals that are credibly transformative?

## 3 Leverage points and transformability

Leverage points for change vary in strength[3] and need to be analysed systematically. Ideally, activities will address strong leverage points, such as changes in governance structures or policy goals, but these can be hard to shift. Projects often claim transformative impact from weak leverage points that are unlikely to drive more than local or small changes, such as making a farming practice more efficient but not addressing an underlying profit-maximising intent.

If well-designed **interventions that individually make little change can be implemented in a coordinated way to affect the whole system**, which will enable the system to be transformed more readily when the opportunity arises. For example, a series of actions (e.g. taxing waste, creating new recycling technologies, banning plastic bags in key cities, and improving product labelling) may individually make only minor advances in reducing wasteful consumption. But together they are adjusting the regulatory environment and shifting peoples' norms so that a dramatic shift to a comprehensive circular economy[4] is much easier to achieve at the right moment. To be plausible, such a strategy must **clearly articulate the strong leverage points that need to change and aim all the "weaker", incremental or "small win" interventions towards this end**.

Key messages here are that: **it is possible to analyse prospective leverage points; transformation usually requires multiple interventions addressing different parts of the system; and a set of well-chosen small changes can make a system more transformable. A good theory of change[5] is essential to help assess whether the interventions are *necessary and sufficient* to achieve the desired change**. These messages are true at any level, but globally-significant step changes usually require scaling.

## 4 Scaling mechanisms and barriers in the theory of change

A recent review[6] of selected GEF Integrated Approach Pilots (IAPs) and Impact Programs (IPs) found that the IAPs paid limited attention to scaling, usually with an implied rather than a deliberate model of scaling. By comparison, the IPs addressed scaling more explicitly – noting the need in their

[3] See Abson et al., 2017; Meadows and Wright, 2009.
[4] See STAP's circular economy papers on plastics and food (Barra and Leonard, 2018; Sims, 2018).
[5] See STAP's ToC Primer; also STAP's foundational enabling conditions, which include theory of change, multi-stakeholder dialogue, durability and innovation, pp.16-18 in STAP's paper on *Nature-based solutions*
[6] Salafsky et al., 2021.

theories of change – but the *how* of scaling was still often weak. The review also looked at different types of scaling mechanism and concluded that a typology based on scaling *out* (more of the same to affect greater numbers, e.g. replication), *up* (changing rules and institutions, e.g. policy or legal changes), and *deep* (changing norms, models and cultures) was most useful.

The theory of change for a transformative investment should specify credible causal pathways addressing scaling mechanisms, after identifying the key barriers, which will often require multiple forms of innovation.[7] **Achieving change at scale requires alignment between knowledge of potential solutions, institutional arrangements and rules, and societal values.**[8] Project and program designers should ask which of these three potential types of barrier – knowledge, rules or values – requires attention for scaling. In practice, **most transformational change involves more than one type of barrier, often requiring context-sensitive scaling *up* and *deep*, as well as *out*.**

**Relevant actors, likely winners and losers, and trade-offs between different interests all usually change with the scale of application.** For example, planting trees may stabilise sand dunes or sequester carbon successfully at a local level but, if applied regionally, lower water tables and reduce farm production downstream or decrease urban water supplies. Similarly, biofuels may be successful at replacing fossil fuels at a local scale, without significant effects on agricultural land, but globally may compete with land used to produce food – if this is not thought through.

Thus, **scaling for transformation must take into account effects that may not occur in projects at the local level**; and should **ensure that the changes are wanted and be clear about who wants them.**, so the changes do not just entrench undesirable power imbalances.

Scaling needs to be addressed in a **separate theory of change aimed specifically at scaling to take account of these effects, and because scaling will invariably depend on engaging different actors** than were involved in the original project.

# 5 Transformation strategies and multi-stakeholder processes

**Real transformation is a process that challenges established norms and does not happen easily**, even if the system has been made more transformable through incremental actions with lower leverage. There are therefore often many different roles in driving transformation, including making change happen, advocating change, directing change top-down, and collaborating to create change.[9] Though the GEF may be most active in the last category, it is **important to recognise actors playing other roles** and, where necessary, to engage with them.

At the global scale, **transformation invariably requires well-designed partnerships among diverse stakeholders, often from the local to global levels, and in private, community and public sectors.** These multi-stakeholder processes may be formal, informal, hierarchical or networked, but their design requires special attention.[10]

Scaling is very likely to require different stakeholders to those involved in the initial project; these "scaling stakeholders" may need to be engaged early on to ensure their subsequent ownership of the scaling process. Indeed, **if multiple scaling mechanisms are pursued, different stakeholders may need to be engaged for each mechanism.** For example, institutional change may depend on government involvement, whereas challenging social norms may require engagement with

[7] STAP's paper *Innovation and the GEF* identified five forms of innovation to underpin transformation: policy, technological, financial, business model and institutional innovation (including cultural norms) (Toth, 2018).
[8] See Gorddard et al., 2016; Moore et al., 2015.
[9] See Waddell, 2018.
[10] See STAP's paper on multi-stakeholder dialogue (Ratner and Stafford Smith, 2020).

community or religious organisations. And changing fishing rules may require the involvement of regulatory ministries and fisher organisations, as well as international bodies, if the river system is transnational. To ensure that transformational changes in GEBs endure in the face of disruptions, **well-designed multi-stakeholder processes will be required** to ensure that relevant stakeholders support and own the scaling and the durability of those GEBs, and that these stakeholders receive **local-to-national socio-economic benefits.**[11]

# 6 Implications for program and project design

STAP recommends that the designers and assessors of GEF investments should be challenged with three questions (see figure).

## 6.1 Could this investment be transformative?

Many, but not all, GEF investments are intended to be transformational, including the integrated programs (IAPs, IPs, and their successors). Other coordinating activities across country-oriented projects could aim for transformation of global significance, and some individual country projects may be of a magnitude to justify being transformative, either alone or in concert with other investments and change processes. It is important to be clear about which parts of the GEF's portfolio are designed to be transformational; this should be a strategic decision related to the overall ambition of GEF-8. Transformative change requires greater innovation to explore new ways of achieving more impact, which often entails higher risk as well as higher rewards.

## 6.2 If so, is the investment goal credibly transformative?

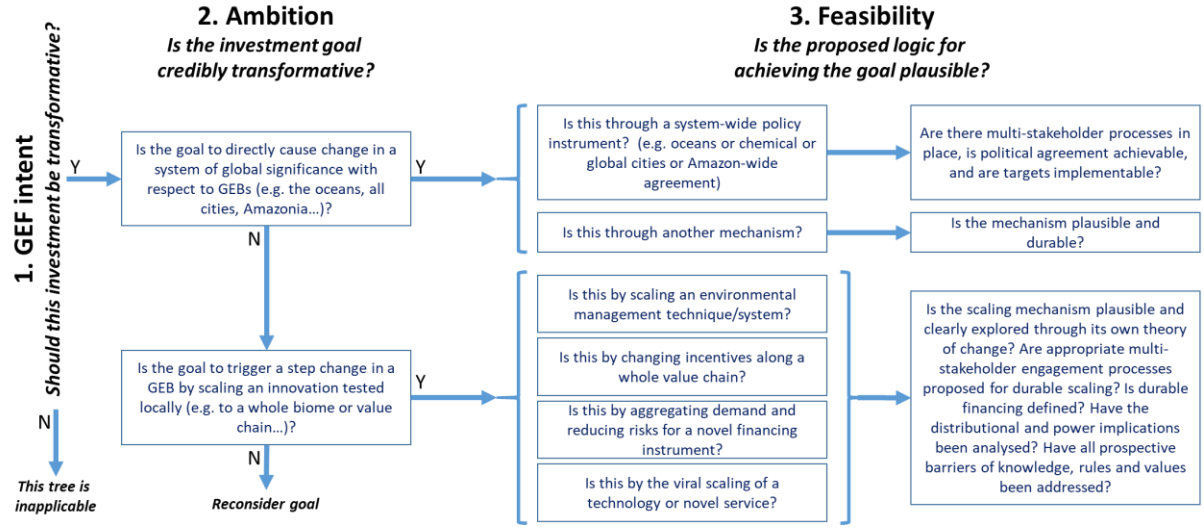
If an investment (whether project or program level) is intended to be transformational, there should be a clear-eyed appraisal of whether its goal is truly for ***durable change*** **at a** ***sufficient scale*** **to deliver a** ***step improvement*** **in one or more** ***GEBs***. The judgment will be context specific, but the targeted outcomes should aim either directly at a transformation that is globally significant or at scaling to a regional or sectoral outcome. The step change may be in the quantity, durability, resilience, efficiency or even volume of co-benefits, but it needs to be relevant to the GEF's global mission (see figure).

## 6.3 If so, is the proposed logic for achieving the goal plausible?

If the goal is plausibly transformational, the proposed investments should be appraised critically (see figure) in an appropriate theory of change. Where the intention is to scale eventually, the intended mechanism for scaling should be articulated at the outset. Transformation invariably involves social and institutional issues, as well as economic and political dimensions; the implications for partnerships and engagement should be analysed with these in mind. Metrics that help determine whether transformation is being, or is likely to be, achieved should be identified and tracked.

[11] For example, improvements in local air and water quality, and in jobs, livelihoods and health.

Figure: simple logic tree to help address the questions raised here.





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