

Third Meeting for the Seventh Replenishment of the GEF Trust Fund
January 23-25, 2018
Brasilia, Brazil

GEF-7 REPLENISHMENT

DRAFT GEF-7 POLICY RECOMMENDATIONS

(PREPARED BY THE SECRETARIAT)

DRAFT GEF-7 POLICY RECOMMENDATIONS

1. This document presents the Secretariat's draft GEF-7 policy recommendations for Participants' consideration. These draft recommendations are intended to help Participants identify and agree on specific forward actions on key policy and institutional issues.
2. The draft GEF-7 policy recommendations are aimed at enhancing the effectiveness and efficiency of the GEF, and to enable the successful delivery of the GEF-7 programming directions. The policy recommendations take into account the GEF's evolving operating environment and the latest guidance provided by the conferences of the parties to the multi-lateral environmental agreements that the GEF serves, while drawing on science, evaluative evidence, and experience over 26 years of operations. Specifically, the policy recommendations draw on the analysis presented in the GEF-7 Policy Agenda¹, and the findings, conclusions and recommendations of OPS6 and associated evaluations and studies²; while responding to the views expressed by Participants and Observers over the course of the replenishment process, and aiming to support the effective implementation of the proposed GEF-7 programming directions³.
3. The draft policy recommendations address the following, eight areas:
 - resource allocation,
 - optimizing the use of GEF resources in different countries,
 - results,
 - partnership,
 - private sector engagement,
 - operational efficiency and transparency,
 - improved management of data and information,
 - gender equality and women's empowerment, and
 - knowledge management.

¹ GEF/R.7/10, *GEF-7 Policy Agenda: Analysis in Support of the Proposed GEF-7 Policy Recommendations*

² GEF/ME/C.53/Inf.01, *Draft Final Report of the Sixth Comprehensive Evaluation of the GEF (OPS6)*
(http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.ME_C.53_Inf.01_OPS6_Nov_2017_0.pdf)

³ GEF/R.7/15 *Draft Programming Directions*

Preamble

4. Participants reaffirm the unique and critical role of the GEF in promoting global environmental benefits, and its continued, high relevance to member countries and the multi-lateral environmental agreements it serves.
5. Participants note with great concern the continued deterioration of the Earth system processes that sustain all life, and agree that there is an urgent need to transform the economic and social systems that drive such deterioration.
6. Participants recognize the GEF's solid track record of performance in terms of efficiency and effectiveness, and that the GEF has successfully supported transformational initiatives with large-scale and long-lasting benefits for the global environment.
7. Participants therefore recommend that the GEF, in partnership with members, Agencies and other stakeholders, concentrate its resources on projects and programs that can contribute towards a transformation of those systems, in keeping with its core mandate and guidance provided by the conferences of the parties to the multilateral environmental agreements it serves.

Resource Allocation

8. Participants agree that a system of country allocations represents a key strength of the GEF. Country allocations have contributed towards greater predictability, transparency and country ownership in the allocation and programming of resources.
9. Participants agree that the allocation of resources across the biodiversity, climate change and land degradation focal areas should evolve reflecting emerging priorities and the GEF's unique comparative advantage.
10. Participants agree that the poorest and most vulnerable GEF-recipients countries have particular needs that should be prioritized.
11. Participants also recognize that STAR should continue to evolve in line with the GEF's increasing emphasis on integrated approaches that yield global environmental benefits across multiple focal areas.
12. Participants request that the Secretariat, in its proposal to the Council for updating STAR, include the following:
 - adjustments to the minimum allocation floors to reflect the allocation of resources across the biodiversity, climate change and land degradation focal areas, while retaining the aggregate allocation floors for least developed countries and other recipient countries at their current levels;
 - [an increase in the weight of the GDP per capita index to XX; and]

- a proposal to provide [full] flexibility for all STAR recipient countries to program their allocations across the three STAR focal areas: biodiversity, climate change, and land degradation.

13. Participants further request that the Secretariat continue to track and periodically report to the Council on the programming of funds by focal area as well as expected and achieved global environmental benefits.

Optimizing the use of GEF resources in different countries

14. Participants affirm that the GEF should continue to serve all eligible countries.

15. Participants recognize that those countries have different needs and capabilities that evolve over time, and that GEF support should be adequately tailored to the circumstances of each country.

16. Participants recommend that the GEF introduce further measures to harness the ability of countries with higher capacity to contribute towards global environmental benefits.

17. To this effect, Participants request that the Secretariat present for Council consideration a proposal to introduce higher expectations for large recipient countries that are not least developed countries or small island developing states to use GEF support more effectively to attract, leverage, and mobilize greater investment in the global environment. Participants request that the Secretariat's proposal include:

- objective criteria for targeting countries that would be subject to higher expectations of financial leverage;
- an operational definition of financial leverage, to complement but not replace the current broad measure of co-financing;
- an indicative target for the expected leverage ratio across selected countries, representing an appropriate increase in ambition compared with GEF-6;
- steps to operationalize a strategic engagement process in selected countries; and
- modalities to monitor and regularly report on the investments leveraged in those countries.

Results

18. Participants affirm that the GEF's effectiveness in fulfilling its mandate is ultimately determined by the global environmental benefits delivered through the activities it funds.

19. Participants welcome the improvements made in the GEF's ability to capture and report on results at the project, program and portfolio levels.

20. Participants emphasize that continuous improvement is required for the GEF to fully harness data and information on results for evidence-based decision-making and learning.

21. Participants request that the Secretariat, in consultation with Agencies, and taking into account the findings, conclusions and recommendations of *The Sixth Comprehensive Evaluation of the GEF (OPS6)*, present for Council consideration an updated results architecture, with a view to promoting:

- simplification, with fewer, more relevant indicators and more streamlined reporting on project and program -level results;
- clear technical definitions and methodological guidance to facilitate more consistent, higher-quality monitoring and reporting across the GEF Partnership; and
- enhanced availability, accessibility and timeliness of data and information on results for accountability, learning and decision-making.

Partnership

22. Participants agree that a broad and diverse Partnership of Implementing Agencies is a key asset for the GEF.

23. Participants acknowledge the contributions made by the new, GEF Project Agencies, and take note with appreciation of those Agencies' growing engagement in GEF operations.

24. Participants agree that the GEF should ensure a level playing field for all Agencies, and request that the Secretariat present for Council consideration a proposal to harmonize the rules and requirements for the new, GEF Project Agencies with those that apply to other Agencies.

25. Participants agree that the current network of 18 Agencies provides a sufficient degree of geographic and thematic coverage to serve the needs of the GEF.

26. Participants recommend that the Secretariat continue to monitor the geographic and thematic coverage, as well as the effectiveness, efficiency and engagement of the GEF Partnership, and report to the Council on its findings.

Private Sector Engagement

27. Participants underscore that a broader and deeper engagement of the private sector is a prerequisite for success in GEF-7.

28. Participants agree that the GEF should continue to strengthen its engagement with the private sector, using a variety of financial instruments and intervention models.

29. Participants recommend that the GEF continue and scale up the use of non-grant instruments to leverage private sector financing, drawing on lessons learned from the successful GEF-6 non-grant instruments pilot. In this respect, Participants request that the Secretariat, taking into account the findings, conclusions and recommendations of OPS6, present for Council consideration an updated approach for the use of non-grant instruments in GEF-7.

30. Participants further recommend that the Secretariat continue to strengthen awareness, knowledge and capacity among its own staff and across the GEF Partnership of the ways in which private sector partners can be engaged in GEF-financed projects and programs with a view to enhancing their efficiency, effectiveness, impact and sustainability; and that it enhance its outreach to private sector partners with the aim of raising their awareness of the opportunities offered by the GEF.

Operational Efficiency and Transparency

31. Participants welcome the progress made in reducing the time elapsed from project approval to submission for CEO Endorsement/Approval.

32. Participants recognize that there is further scope to accelerate the preparation and implementation of GEF projects and programs. Moreover, Participants agree that there is a need to enhance the flow of data and information on operational progress and financing throughout the GEF project cycle to enable stronger oversight and transparency.

33. Participants request that the Secretariat, in consultation with Agencies, identify and present for Council consideration a proposal with additional policy measures to enhance the operational efficiency and transparency of the GEF.

Improved Management of Data and Information

34. Participants note with concern the conclusions of OPS6 on issues related to the GEF's information management system, and welcome the progress made towards addressing those issues.

35. Participants recommend that the Secretariat prioritize efforts to complete the new GEF Portal in time for the onset of GEF-7, equipped with a streamlined work flow across the GEF Partnership and more efficient processing of projects, programs and reporting; resulting in more accessible, more timely, and higher quality data and information on GEF financing, operations and results.

Gender Equality and Women's Empowerment

36. Participants recognize the improvements made in gender mainstreaming across GEF projects and programs, including the growing share of projects that carry out gender analyses, and the increasing use of gender-responsive results frameworks and indicators.

37. Participants also note the limitations found in OPS6, and welcome the new *GEF Policy on Gender Equality*⁴, which promotes a gender-responsive approach, as a critical step towards addressing those limitations.

38. To ensure continued progress and improved results, Participants request that the Secretariat complete, as soon as possible, guidelines and other procedural steps to support the effective implementation of the new policy, and that it prepare for Council consideration a strategy on gender for GEF-7, supported by a time-bound action plan. The strategy and action plan should address, *inter alia*, capacity development needs across the GEF Partnership; monitoring and reporting on progress and outcomes related to gender equality and the empowerment of women and girls; as well as knowledge management and learning related to gender.

39. In developing and implementing the strategy and action plan, Participants recommend that the Secretariat continue to work closely with the GEF Gender Partnership.

Knowledge Management

40. Participants agree that knowledge is a critical asset of the GEF Partnership.

41. Participants also note with appreciation the steps taken to build the GEF's knowledge management systems and practices in GEF-6, as well as the increasing attention to learning and knowledge exchange in GEF projects and programs, notably the integrated approach pilot programs, and in outreach to recipient countries.

42. With a view to building on and consolidating the advances made in GEF-6, Participants recommend that the Secretariat implement and make active use of IT-based solutions to capture, analyze and share lessons learned and best practice from GEF projects and programs, in collaboration with GEF partners; and report on such efforts to the Council.

⁴ GEF/C.53/04 (http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.53.04_Gender_Policy.pdf)

Figure 1. Timeline for Implementing the GEF-7 Policy Recommendations

Date	Action
June 2018	<ul style="list-style-type: none"> • Proposal for updating System for the Transparent Allocation of Resources (STAR) • Proposal to introduce higher expectations for large recipient countries that are not least developed countries or small island developing states to use GEF support more effectively to attract, leverage, and mobilize greater investment in the global environment • Technical definitions and methodological guidance to support the application of the GEF-7 core indicators • Measures to enhance the use of non-grant instruments in GEF-7 • GEF-7 strategy and action plan on gender • GEF Portal operational
November 2018	<ul style="list-style-type: none"> • Policy measures to enhance operational efficiency and transparency, and changes to policy and guidelines on monitoring, evaluation and reporting to streamline GEF-specific requirements while enhancing the availability, accessibility and timeliness of data and information on performance and results