



Global Environment Facility

Summary of Document GEF/C.30/9

Roles and Comparative Advantages of the GEF Agencies

Recommended Council Decision

The Council reviewed document GEF/C.30/9, *Roles and Comparative Advantages of the GEF Agencies*, and the information presented therein on the experience of the agencies in working with the GEF. The Council welcomes the consultations that have been undertaken by the CEO/Chairperson of the Facility with the agencies and the agreed proposals to promote a more focused participation in GEF activities and a level playing field among the agencies. In this regard, the Council agrees that:

- (a) the seven Executing Agencies operating under expanded opportunities will be granted direct access to GEF funding based on their comparative advantages;
- (b) the current corporate budget of the Implementing Agencies will be eliminated as of FY08;
- (c) the project cycle management fee for all GEF Agencies will be increased from 9 percent to 10 percent; with a cap that will ensure that no agency receives more administrative support than under the current system of fees and corporate budget. This increased fee will be applied immediately to projects managed by the Executing Agencies. For projects managed by the Implementing Agencies the 10 percent fee will be applied beginning in FY08 when the corporate budget for the Implementing Agencies will be eliminated. The total fee amount for any Implementing Agency in a fiscal year will be capped at what it would have received under the present system of a 9% fee plus \$3 million in the corporate budget;
- (d) GEF Agencies will participate in the corporate activities outlined in annex 2 of document GEF/C.30/9;
- (e) GEF Agencies will focus their involvement in GEF project activities within their respective comparative advantages and assigned primary roles;
- (f) The comparative advantage of a GEF agency to manage a proposed project will be assessed by the Secretariat during the project concept review.

1. This document, requested by the Council and prepared in consultation with the Implementing and Executing Agencies proposes an approach towards clear and equitable roles of the GEF agencies with respect to the development and management of GEF projects.
2. The Implementing Agencies (UNDP, UNEP and World Bank) have operated according to broad primary roles identified in the GEF *Instrument*, whereas the Executing Agencies under Expanded Opportunities (ADB, AfDB, EBRD, IADB, FAO, IFAD and UNIDO) have been granted access to GEF resources through a sequence of Council decisions and have been assigned more definite roles based on specific business needs of the GEF (summarized in GEF/C.19/10, *GEF Business Plan, FY03-05*).
3. The CEO and the three Implementing Agencies have agreed that the GEF agencies would operate within their respective areas of comparative advantage as reflected in the *Instrument*.
4. The Executing Agencies have felt constrained by the limited scope of their access to GEF resources under the Policy of Expanded Opportunities, and find that their expertise and project experience would justify a much wider project role in the GEF. The Executing Agencies generally find that a number of structural and procedural barriers hamper the utilization of their full potential as GEF partners. These issues have been reconfirmed by the Evaluation of the Experiences with the Executing Agencies under Expanded Opportunities prepared and implemented by the GEF Evaluation Office.
5. It is recommended that:
 - (a) The seven Executing Agencies under Expanded Opportunities are granted direct access to GEF funding based on their comparative advantages.
 - (b) The current corporate budget of the Implementing Agencies is eliminated as of FY08;
 - (c) The project cycle management fee for all GEF agencies be increased from 9 percent to 10 percent;¹
 - (d) The increase in fee of 1 percent will be used by all GEF agencies to participate in the corporate activities of the GEF.
 - (e) All GEF agencies should focus their involvement in GEF project activities within their respective comparative advantages and assigned primary roles.
 - (f) The comparative advantage on a GEF agency to manage a GEF financed project will be assessed by the Secretariat during the project concept review.

¹ The total fee amount for any Implementing Agency in a fiscal year will be capped at what it would have received under the present system of a 9% fee plus \$3 million in the corporate budget.