



**Global Environment Facility**

GEF/C.17/Inf.8

April 9, 2001

---

GEF Council  
May 9-11, 2001

**FOURTH PROGRESS REPORT  
ON  
ACTIONS TO IMPLEMENT THE RECOMMENDATIONS OF  
THE STUDY OF GEF'S OVERALL PERFORMANCE  
AND THE POLICY RECOMMENDATIONS FOR THE  
SECOND REPLENISHMENT PERIOD**

## Table of Contents

Priority Recommendation 1: The Focal Point System.....	2
Priority Recommendation 2: Communications and Outreach.....	3
Priority Recommendation 3: Mainstreaming by the Implementing Agencies .....	4
The World Bank.....	4
The IFC .....	4
UNDP.....	4
UNEP .....	5
Progress .....	5
Priority Recommendation 4: Implementing Agency Monopoly .....	6
Priority recommendation 5: Incremental Costs .....	6
Priority Recommendation 6: Private Sector.....	6
Priority Recommendation 7: GEF Council Review .....	7
Other Recommendations from the Study of GEF's Overall Performance .....	9
Other Recommendations from the policy recommendations for the second replenishment period.....	16
Annex A.....	A1

1. The *Study of GEF's Overall Performance*, completed in February 1998, made 19 recommendations, of which seven were labeled "priority recommendations" by the study team. At its March 1998 meeting, the GEF Council requested the Secretariat, in consultation with the Implementing Agencies, to prepare for Council review and approval at its meeting in October 1998, an action plan and time-table for responding to the recommendations of the *Study* and other evaluation reports as appropriate. In addition, the Council endorsed the six policy recommendations for the second replenishment period, most of which relate to the recommendations of the *Study of GEF's Overall Performance*.

2. In response to Council request, the Secretariat presented document *GEF/C.12/7, Actions to Implement the Recommendations of the Study of GEF's Overall Performance and the Policy Recommendations for the Second Replenishment Period*, for Council discussion at the October 1998 meeting. The Council approved the proposed actions,<sup>1</sup> and requested the Secretariat and the Implementing Agencies to take the necessary steps to carry out the approved actions and to report to the Council at its meetings on progress made in implementing such steps<sup>2</sup>. A *Second Progress Report on Actions to Implement the Recommendations of the Study of GEF's Overall Performance and the Policy Recommendations for the Second Replenishment Period (GEF/C.14/10)* was presented to the Council at its meeting in December, 1999. The *Third Progress Report (GEF/C.15/9)* was presented to the Council meeting in May 2000.

3. This document is an updated progress report on how the actions have been or are being carried out. It discusses the status of actions taken to implement:

- (a) the seven priority recommendations;
- (b) the other 12 recommendations from the *Study of GEF's Overall Performance*; and
- (c) the two policy recommendations for the second replenishment period that are not otherwise reflected in follow-up to the *Study of GEF's Overall Performance*.
- (d) The status of actions to address many of the recommendations are discussed in separate Council working documents or information papers. In such instances, reference is made here to those papers. In other cases, the status is described more fully in this document.

---

<sup>1</sup> Subject to the comments made at the meeting and consistent with its decisions on other relevant agenda items before the meeting.

<sup>2</sup> *Joint Summary of the Chairs*, GEF Council meeting, October 14-16, 1998. Paragraph 9.

## PRIORITY RECOMMENDATION 1: THE FOCAL POINT SYSTEM

*In order to enable Operational Focal Points to be more effective advocates for GEF issues in their country, the GEF Secretariat and Implementing Agencies should broaden the existing Project Development Workshop format by involving the Operational Focal Points as much as possible in planning and execution and by focusing more on the coordination and information dissemination functions of the Operational Focal Points.*

*The GEF should provide resources for translation of basic GEF documents into the local languages of those countries requiring such translated documents.*

### **Progress**

4. In direct response to priority recommendation 1, a project to finance 50 Country Dialogue Workshops (CDWs) was approved by the Council in May 1999. The workshops are designed to promote country ownership, facilitate national coordination and enhance awareness-building by means of direct dialogue with countries on the GEF and national priorities through targeted, participatory workshops. The main objective of the workshops is to facilitate group dialogue amongst and between the workshop participants and the GEF and its Implementing Agencies, the Convention Secretariats, and STAP (see also (GEF/C 15/Inf. 23)). The workshops effectively allow the GEF to:

- (a) inform a broad national audience about the GEF, including its governance and mission, strategy, policies, and procedures;
- (b) facilitate national stakeholders' inputs to and information sharing on the country's priorities, including national coordination efforts, to ensure that national priorities are fully reflected in GEF assistance; and
- (c) provide practical information on how to access GEF resources and how to propose, prepare, and implement GEF co-financed activities.

5. In the period April 2000 to March 2001, 17 GEF Country Dialogue Workshops were conducted: South Africa (April 4-7, 2000), Vietnam (April 25-29, 2000), Uzbekistan (June 5-8, 2000), Egypt (June 26-28, 2000), Nigeria (July 18-21, 2000), Algeria (July 24-26, 2000), Caribbean sub-regional<sup>3</sup> (August 8-11, 2000), Philippines (August 22-25, 2000), Malawi (October 3-6, 2000), Tanzania (November 6-9, 2000), Sri Lanka (November 7-10, 2000), Caribbean sub-regional<sup>4</sup> (December 5-8, 2000), Cuba (December 12-15, 2000), Azerbaijan (January 30-February 2, 2001), Tunisia (February 20-23, 2001), Bolivia (March 6-9, 2001)

---

<sup>3</sup> All member states of the Organization of Eastern Caribbean States as well as Barbados participated in this sub-regional workshop hosted by Dominica.

<sup>4</sup> Bahamas, Guyana, Jamaica, Suriname, and Trinidad and Tobago participated in this sub-regional workshop hosted by Trinidad and Tobago.

and Cambodia (March 13-16, 2001). A total of 27 countries participated in 15 national and two sub-regional CDWs during the period. On average, a Workshop is being conducted every three weeks since the workshops were first initiated.

6. Participants for all workshops represented a wide range of stakeholders, including government representatives, non-governmental organizations, academic institutions, scientific communities, donor organizations, the private sector, and the media, as well as resource persons from the GEF Secretariat and its three Implementing Agencies. The average number of national participants per CDW was approximately 90, with more than 1,500 participants attending the 17 CDWs to date.

7. The results of workshop evaluations are encouraging and indicate that the multi-stakeholder participants felt the CDWs met or exceeded the workshop objectives as outlined above. The workshops are providing a unique platform for countries to engage in a comprehensive dialogue with the GEF and its implementing agencies to clarify GEF's role as a partner and ensure that national priorities are fully reflected in GEF assistance.

8. As of March 2001, 95 countries have offered to host workshops. These offers are evaluated by the GEF CDW steering committee using criteria that include: convention ratification; no previous GEF awareness workshops; cost effectiveness; lack of strong GEF portfolio/pipeline; significance of concerns in one or more focal areas; submission of biological diversity national reports or climate change national communications; and regional balance.

9. At its May 1999 meeting, the Council approved a series of proposed activities and associated financial resources to strengthen country level coordination, as proposed in document *GEF/C.13/13, Constituencies and Assistance for Council Level Coordination*. The GEF Secretariat reported on steps that had been undertaken to provide the approved support to focal points through the Implementing Agencies' field offices in May 2000 (*GEF/C.15/Inf.8*). The present Council meeting has before it an information document providing up-to-date information on such support, *Review of GEF Support to National Focal Points and Council Members (GEF/C.17/Inf.10)*.

10. The proceedings of the workshop on Good Practice in Country Level Coordination, which took place on March 14 –15, 2000, have been published and will be made available to all national focal points as well as to national focal points of the Convention on Biological Diversity and the UN Framework Convention on Climate Change.

#### PRIORITY RECOMMENDATION 2: COMMUNICATIONS AND OUTREACH

*The GEF Council should authorize and adequately fund the development of a GEF outreach and communications strategy that targets GEF's multiple constituencies, including the Focal Points and relevant government agencies, NGOs and civil society, the media and the private sector. The strategy should rely on simple, user-friendly materials about the GEF and its operations, and*

*should include provision of basic GEF documents in local languages. This strategy should be coordinated with the broadening of the Project Development Workshops.*

## **Progress**

11. The Corporate Budget for FY00 made provision to fund the outreach and communications strategy. Continued support for the strategy is envisioned in the Corporate Business Plan FY01-03 (*GEF/C.14/9*) and was budgeted for in the GEF Corporate Budget FY01 (*GEF/C.15/5*) and proposed GEF Corporate Budget FY02 (*GEF/C.17/11*). A brief report on FY01 outreach and communications activities is included in document *GEF/C.17.11*.
12. The Council also has before it for consideration proposals to enhance GEF outreach and communications with regard to the World Summit on Sustainable Development (*GEF/C.17.9*) and the Second GEF Assembly (*GEF/C.17.10*).

### **PRIORITY RECOMMENDATION 3: MAINSTREAMING BY THE IMPLEMENTING AGENCIES**

#### ***The World Bank***

*The World Bank should adopt public, measurable goals for the integration of global environmental objectives into its regular operations, including goals related to: 1) staff incentives, 2) funding level and/or number of GEF associated projects, 3) funding level and/or number of projects for the global environment in its regular lending portfolio, and 4) integration into its sector work and the Country Assistance Strategy (CAS) process. It should report regularly to GEF and to the public on its progress in achieving these objectives.*

*The World Bank should begin a transition from its role in financing conventional power loans to a new role in financing sustainable energy technologies.*

*The World Bank should allocate increased financial resources to the Global Overlays Program in order to ensure adequate staffing for a substantially higher level of integration of global environment into sector work and the CAS process.*

#### ***The IFC***

*The IFC should maintain a database of its projects with global environmental benefits, so that its mainstreaming of global environment can be assessed in the future.*

#### ***UNDP***

*UNDP should establish a system of tracking projects and components that are relevant to the GEF focal areas and set public, measurable targets related to: 1) funding levels and/or number of core-funded projects for biodiversity conservation, alternative energy and international waters, 2) funding level and/or number of GEF-associated projects, and 3) the Country Cooperation Frameworks (CCFs). It should report regularly to GEF and to the public on its progress in achieving those targets. It should also consider making linkages between potential GEF projects and potential core budget project an explicit objective of the process of preparing the Country Cooperation Frameworks.*

### **UNEP**

*UNEP should devise a system of staff incentives, involving at least a revision of staff evaluation criteria, to give adequate consideration to GEF work.*

*The GEF Secretariat and UNEP should devote more staff time and resources to upstream consultation not only in Washington but also in Nairobi to ensure that all relevant UNEP program staff have adequate guidance in formulating GEF proposals.*

### **Progress**

13. The Corporate Business Plan presented to the Council meeting in December 1999 (GEF/C.14/9) identified indicators that would be used regularly to assess the depth of the Implementing Agencies' commitment to GEF.

14. At the December 1999 meeting there was a presentation of the "World Bank Group Progress Report on the Preparation of an Environment Strategy (GEF/C.14/3).

15. At the May 1999 Council Meeting UNDP submitted the paper "Integrating GEF-Related Global Environment Objectives into UNDP Managed Programs and Operations. An Action Plan (GEF/C.14/4).

16. At the May 2000 Council Meeting UNEP submitted an "Interim Report of the UNEP Executive Director on the Implementation of the UNEP/GEF Strategic Partnership Activities", GEF/C. 15Inf. 5, and the "Implementation of the Action Plan on the Complementarity between the Activities undertaken by UNEP and the GEF and its Programme of Work". (GEF/C. 15/Inf. 15).

17. The present Council documentation includes a new *World Bank Environment Strategy (GEF/G.17/Inf.15)* which outlines the efforts towards mainstreaming global environment in the World Bank operations.

#### PRIORITY RECOMMENDATION 4: IMPLEMENTING AGENCY MONOPOLY

*The GEF Council should undertake a study of the advantages and disadvantages of various approaches to permitting additional organizations to propose GEF projects directly to the Secretariat and assume direct responsibility for GEF projects.*

#### **Progress**

18. At the May 1999 meeting, the Council approved the approach proposed in document GEF/C.13/3, *Expanded Opportunities for Executing Agencies*, for participation of Regional Development Banks in preparing and executing GEF projects. FAO and UNIDO have also been identified by the Council as agencies to benefit from this approach. At the May 2000 Council Meeting the GEF submitted a "Progress Report on Expanded Opportunities for Executing Agencies (GEF/C.15/4). A proposal for *Criteria for the Expansion of Opportunities for Executing Agencies* is before the Council (GEF/C.17/13) for consideration at the present meeting, together with a proposal to include IFAD as an agency benefiting from this approach.

#### PRIORITY RECOMMENDATION 5: INCREMENTAL COSTS

*A working group representing the GEF Secretariat and the Implementing Agencies should, in consultation with the convention secretariats, develop simpler, more straightforward guidance and communication for recipient country officials on the calculation of incremental costs and a strategy for increasing their involvement in the process of estimating those costs.*

#### **Progress**

19. At the December 1999 meeting the GEF submitted a report on the Incremental Cost (GEF/C.14/5). In addition, as part of its continuing effort on this issue, the GEF Secretariat, in collaboration with the working group on incremental costs (which includes the Implementing Agencies and Convention Secretariats) has recently commissioned a new consultant to undertake work to explore creative options in the application of the principle of incremental costs. The incremental cost is also an issue in the Second Study of GEF's Overall Performance (OPS2).

#### PRIORITY RECOMMENDATION 6: PRIVATE SECTOR

*The GEF Secretariat and Implementing Agencies should engage business and banking associations and mobilize financing from individual private financial sector companies, such as banks, insurance companies and pension funds. To*

*interest the financial sector in GEF projects, the GEF should use the “incremental risk” of a potential private sector GEF project as a way of determining the size of the GEF grant.*

*GEF should identify and apply techniques for reducing the risk of the private investors of participating in GEF projects, such as using GEF funds to provide loan guarantees.*

## **Progress**

20. Significant progress has been made in including many new projects with private sector involvement in the GEF work program. The role of the private sector is typically that of provider of technology, goods and services, awarded through competitive bidding processes where the private sector responds to requests for proposals or co-finances specific components of projects or activities.

21. In the present work program a good example is the *Croatia: Energy Efficiency* project, which will address two specific barriers to energy efficiency in the country – lack of development and project financing, and lack of capacity and know-how – by creating a utility-based ESCO supported by an innovative blend of funding mechanisms: an IBRD Learning and Innovation Loan, a GEF Contingent Grant, a GEF Partial Credit Risk Guarantee and GEF Grant for Technical Assistance (see *GEF/C.17/7*).

22. Recently approved projects with significant private sector participation include the *China: Windpower Development* project in which a GEF-financed contingent loan is used to address key barriers to commercial wind investments in China, namely increased transaction costs for initial investments in certain regions and perceived technology performance risks.

## **PRIORITY RECOMMENDATION 7: GEF COUNCIL REVIEW**

*The GEF Council should seriously consider delegating the second review of project proposals to the GEF Secretariat.*

## **Progress**

23. At the October 1998 Council meeting, document *GEF/C.12/9, Streamlining the Project Cycle*, was discussed by the Council. In order to further expedite the project cycle, the Council agreed that in approving work programs, with the exception of certain agreed projects, it would authorize the CEO to endorse final project documents without awaiting a four-week review by Council Members.<sup>5</sup> This recommendation is closed.

---

<sup>5</sup> *Joint Summary of the Chairs*, GEF Council meeting, October 14-16, 1998. Paragraph 13.



## OTHER RECOMMENDATIONS FROM THE STUDY OF GEF'S OVERALL PERFORMANCE

### **Recommendation 8**

- (a) *The GEF Council should address the need for a clear definition of “new and additional” financing for the GEF, including the indicators that should be used in measuring additionality.*
- (b) *Donor countries should consider separating budget lines for global environmental measures in developing countries and for contributions to GEF from budget lines for development cooperation.*

#### *Progress*

24. In document *GEF/C.12/7* presented at the October 1998 Council meeting, the Council was invited to discuss this issue and make recommendations for possible follow up, at the individual donor country level and/or at the international level, including the UN General Assembly, ECOSOC and/or the OECD/DAC. No recommendations emerged from the Council discussion. No further action on this recommendation is currently planned.

### **Recommendation 9**

- (a) *GEF should regularly review and compare its own portfolio and project pipeline with those of other institutions to ensure that it is either providing significant additional resources or demonstrating a comparative advantage over other institutions involved in funding the same activities. In this regard, particular attention should be paid to GEF support for solar photovoltaics, energy-efficient lighting, and biodiversity trust funds.*
- (b) *GEF should work with the OECD and other appropriate international institutions to ensure that reliable, comparable data on financing measures to protect the global environment, including data on different types of projects, is compiled and made available to the public.*

#### *Progress*

25. With respect to recommendation 9 (a), an evaluation of biodiversity trust funds has been completed and it included a review of the comparative roles of GEF and other donors in

supporting these mechanisms.<sup>6</sup> A review of experience with solar photovoltaics projects, including activities supported by key multilateral and bilateral agencies, has also been completed last year.<sup>7</sup> On September 25-28, 2000, approximately 100 people from 17 developing countries, 11 developed countries and key multilateral organizations met in Marrakech, Morocco, to discuss current and future government programs, private initiatives and opportunities to promote photovoltaic electricity generation in developing countries. Through a combination of plenary sessions and small working groups, the participants, whose expertise covered all aspects of the photovoltaic market, discussed and debated the critical issues related to the growth and success of photovoltaic markets in developing countries. The workshop concluded that GEF could promote and pilot viable business models; help with risk sharing; promote rational rural electrification policies; influence governments to be more supportive of photovoltaics; and support of photovoltaic market segments which will assist in development of infrastructure.

26. With respect to recommendation 9 (b), GEF has taken the lead in developing and implementing an information-sharing and data-exchange initiative among international institutions involved in global environment investments. In March 2001, representatives from 15 funding and development organizations/agencies, and the Climate Change and Biodiversity Conventions participated in an information-sharing workshop organized by GEF, in collaboration with UNEP, to discuss strategies and mechanisms for improving general access to information on environment investment and project activities funded and implemented by different donor organizations. The participating organizations encouraged GEF to take the lead in developing and expanding this initiative to encompass as many funding and development organizations/agencies as possible .

### **Recommendation 10**

- (a) *The GEF should adopt a rigorous definition of “leveraging” that includes only funding that is additional to existing funding patterns and that is expected to create global environmental benefits. It should apply this definition in the Quarterly Operational Report and other relevant GEF documents. Implementing Agencies should apply this more rigorous definition in their own databases and reports on cofinancing of GEF projects.*
- (b) *When there is sufficient experience with implementation of GEF projects, the GEF’s Senior Monitoring and Evaluation Coordinator should commission a study of the replicability of projects in the GEF portfolio.*

---

<sup>6</sup> Global Environment Facility, *Experience with Conservation Trust Funds*, Evaluation Report #1-99, January 1999.

<sup>7</sup> Eric Martinot, Ramesh Ramankutty and Frank Rittner. *The GEF Solar PV Portfolio: Emerging Experience and Lessons*. Monitoring and Evaluation Working Paper 2. August 2000.

## *Progress*

27. A main recommendation of the 1998 PIR was that GEF should adopt a broader definition of leveraging for its programs and projects that reflects financial resources – both during design and implementation – and actions catalyzed by GEF activities. Upon a fuller consideration of this question, the Secretariat concluded that “leverage” should be retained as a term to denote additional financial resources. However, GEF will focus more attentively on its catalytic role, through “demonstration effects” and “replication.”

With respect to recommendation 10 (b), an evaluation of replicability of GEF projects is included in the Secretariat’s indicative monitoring and evaluation work program for FY00-02. This aspect is covered as part of the Program Studies that assess the performance of GEF focal area programs (see *GEF/C.17/Inf.4-6*).

### **Recommendation 11**

*The GEF Council should adopt a policy, paralleling that for stakeholder participation, aimed at promoting the greater use of local and regional consultants in projects; encouraging an appropriate mix of local and foreign experts in GEF projects; and securing greater recipient government participation in the screening, short-listing and selection of project consultants*

## *Progress*

28. Through the strategic partnership with UNEP to mobilize the scientific and technical community, GEF will be able to stimulate greater involvement of local and regional experts in projects. Also through the expanded partnerships, it is expected that national and regional competence will be increasingly used in GEF. The UN-wide Administrative Instruction (ST/AI/1999/7) concerning consultants and individual contractors of August 1999 places specific emphasis on the selection of consultants from the widest possible geographical base. Both UNDP and UNEP are covered by these policy guidelines. UNEP reports that during 1999-2000 about 45% of consultants hired for GEF projects managed by UNEP headquarters were from developing countries. Since almost all consultants hired for nationally executed UNEP/GEF projects are local, this figure would be much higher if these projects were taken into account.

29. The World Bank's policies and procedures for selecting, contracting and monitoring consultants are defined by the Bank's "*Guidelines: Selection and Employment of Consultants by World Bank Borrowers*". The Bank's clients use consultants to help in a broad range of activities to complement the client's capabilities in these areas. According to the Bank's Guidelines, the client is responsible for preparing and implementing projects, and

therefore for selecting consultants, and awarding and subsequently administering the contract. The World Bank encourages the development and use of national consultants in its developing member countries. In general, the World Bank uses local consultants in project development and implementation where possible, because they are more cost-effective and have better knowledge of the country situation, and because preparation grants and projects are usually country-executed.

## **Recommendation 12**

*The GEF Secretariat should work with Implementing Agencies to develop quantitative and qualitative indicators of successful stakeholder involvement at different stages of the GEF project cycle, and to document best practices of stakeholder participation by focal area.*

### *Progress*

30. The GEF good practice paper *Designing Public Involvement Activities in GEF-Financed Projects* provides practical guidance for strengthening stakeholder participation throughout the project cycle. The paper focuses on ensuring consistent documentation across the implementing agencies describing completed or planned stakeholder consultations as well as built-in mechanisms for long-term involvement in project decision making and operations. The paper also makes sure that financing these activities is reflected in the project's budget. Indicators of effective stakeholder participation are being developed and tested in a few projects. Additionally, through the coordination of the GEF's M&E unit, program study reviews, special studies, and lessons notes contain examples of how stakeholder groups are actively involved in the project's design and implementation. With regard to participation of vulnerable populations in projects, the GEF produced a booklet in September 2000 (*What Kind of World*) containing good practices in dealing with gender, age, and culture (indigenous communities) issues. The Program Studies undertaken in FY01 also cover stakeholder participation (see *GEF/C.17/Inf.4-7*).

## **Recommendation 13**

- (a) *The GEF project submission format's description of project risks should call for identification of any specific policies or sectoral economic activities that could negatively affect project success, as well as the steps that need to be taken to reduce the risks to project success from those policies and activities.*
- (b) *The GEF should adopt a policy requiring that Implementing Agencies obtain clear, formal commitments from recipient country governments regarding policies and sectoral activities identified as*

*increasing the risk of project failure before proceeding with project implementation.*

#### *Progress*

31. As indicated in document *GEF/C.12/7*, no additional steps are necessary to carry out this recommendation. Implementing Agencies have been asked to make explicit reference in project briefs to such policies, activities, and steps. The *2000 Project Implementation Review (GEF/C.17/8)* paid particular attention to how external and internal risks related to political, economic or institutional issues that can have an impact on a project's success have been identified and monitored in ongoing GEF projects. This recommendation is closed.

#### **Recommendation 14**

*The GEF Secretariat and Implementing Agencies should require that project proposals contain a more thorough assessment of options for achieving financial sustainability.*

*The GEF Secretariat and Implementing Agencies should encourage the broader use of biodiversity trust funds to help ensure the funding of biodiversity projects in perpetuity. The Implementing Agencies should continue to seek a high rate of leveraging of other sources of trust fund capital.*

*The Implementing Agencies should provide for longer project implementation periods--for example, five to seven years instead of three to five years--in cases in which project sponsors can show that extra time will be necessary to implement the project and demonstrate its viability for future funders.*

#### *Progress*

32. With respect to recommendation 14 (a), financial sustainability is a key feature examined in the review of project proposals. The GEF Secretariat identifies, during work program preparation, examples of good project design that seek to ensure financial sustainability. Collective experience in this area will be shared with Implementing Agencies so that future project designs can incorporate identified good practice. In addition, a thematic review on achieving sustainability of biodiversity conservation carried out by the corporate monitoring and evaluation team has been completed.<sup>8</sup>

33. Regarding recommendation 14 (b), the evaluation of experience with conservation trust funds provided recommendations to guide further GEF support of these funds<sup>9</sup>.

---

<sup>8</sup> Scott Smith and Alejandra Martin. *Achieving Sustainability of Biodiversity Conservation: Report of a GEF Thematic Review*. Monitoring and Evaluation Working Paper 1. July 2000.

<sup>9</sup> *Experience with Conservation Trust Funds*. Evaluation Report #1-99.

34. With respect to recommendation 14 (c), a key conclusion of both the 1998 and 1999 PIRs was the need for longer term and more flexible approaches to addressing global environmental problems than is accommodated in current project instruments. In many cases, this calls for a phased approach that sets out firm benchmarks for moving from one phase to the next, and provides assurance of support over ten years or longer if these benchmarks are met.

35. Project proposals currently being received generally have longer implementation periods than the 3-5 years typical of projects previously undertaken. In addition, the World Bank is now actively employing its “Adaptable Program Loan” instrument – which provides funding on a long-term basis (10-15 years) – in its GEF portfolio. UNDP is also actively exploring similar approaches.

36. GEF is in the process of developing programmatic approaches with the aim of securing larger and sustained impact on the global environment through integrating and mainstreaming global environmental objectives into a country’s national strategies and plans through partnership with the country.

### **Recommendation 15**

- (a) *The GEF should play a more proactive role in its relations with the conventions and should, in consultation with Implementing Agencies, prepare more detailed requests for guidance on those issues on which guidance would be most helpful.*
- (b) *The GEF Secretariat, the Implementing Agencies, and the convention secretariats should undertake a comprehensive review of enabling activities before the end of 1998 to determine how successful the projects have been, analyze the reasons for those that have failed, and consider policy and programmatic responses to the problem.*

### *Progress*

37. GEF continues to collaborate and interact on GEF’s operational policies and operations, both between and during the Conferences of the Parties of both conventions, as well as their regional and subsidiary body meetings. The GEF Secretariat has regular meetings with the Convention Secretariats to discuss matters of mutual interest. The Convention Secretariats routinely participate in reviewing GEF project proposals and in the GEF Operations Committee meetings.

38. The UNDP-GEF Secretariat Strategic Partnership on Capacity Development Initiative established mechanisms whereby the Climate Change and Biodiversity Convention COPs and subsidiary bodies were regularly consulted. The CDI has now been completed and a final report is presented to the Council in the document *Elements of Strategic Collaboration and a*

*Framework for GEF Action for Capacity Building for the Global Environment (GEF/C.17/6).*

39. The GEF corporate monitoring and evaluation team has completed a study of Biodiversity Enabling Activities (presented to the Council in its 14<sup>th</sup> meeting in document *GEF/C.14/11*). Its Review of Climate Change Enabling Activities was completed and presented to the Council in 2000 (*GEF/C.16/10*). The studies were carried out in consultation with the Convention Secretariats.

#### **Recommendation 16**

*The Council should provide a new, more sharply focused mandate for the STAP in light of the change in the GEF's needs and the experience of STAP during GEF*

*Progress*

40. The work program of the recently reconstituted STAP has been sharply focused on priorities emerging in the context of GEF's Corporate Business Plan. As noted in document *GEF/C.12/7*, an amendment of the STAP's mandate is not regarded as necessary. This recommendation is closed.

#### **Recommendation 17**

*In order to encourage continued adherence by the World Bank to its streamlined project cycle, the GEF Secretariat should allow the Implementing Agencies to submit a range of estimates when a project is first submitted, on the understanding that a firm estimate will be submitted for final approval.*

*Progress*

41. As noted in document *GEF/C.12/7*, current guidelines and practice are regarded as adequate. This recommendation is closed.

#### **Recommendation 18**

*The GEF Council should authorize the GEF Secretariat and Implementing Agencies, in consultation with the Secretariat of the CBD, to undertake a formal exercise to identify the ecosystems and ecosystem types within each Operational Program in biodiversity that should be the highest priorities for GEF in terms of a set of agreed criteria, including those specified in the Operational Strategy.*

*Progress*

42. As noted in document *GEF/C.12/7*, responsibility for determining program priorities in the biodiversity focal area rests with the Conference of the Parties of the Convention on Biological Diversity. A formal exercise to identify priority ecosystems is not consistent with GEF's country-driven approach. The Biodiversity Program Study (*GEF/C.17/Inf.4*) assesses the GEF portfolio by its coverage of ecosystem types. This recommendation is closed.

### **Recommendation 19**

*The GEF Secretariat should compile information on successful projects in sustainable use from NGOs and other bilateral and multilateral agencies worldwide, and disseminate them to Implementing Agencies and recipient country Focal Points.*

*Information on successful projects in sustainable use was compiled and distributed to a wide range of readers through a variety of communications vehicles, including monitoring and evaluation documents such as the Project Performance Report. Early Impacts, Promising Futures, the 1998 GEF special edition Annual Report, offered short descriptions of a number biodiversity projects providing insights into sustainable use as well as conservation. This publication was widely distributed in three languages. A follow-on effort to identify leading project examples for the United Nations Commission on Sustainable Development resulted in brief "success story" descriptions of seven GEF projects covering all four focal areas. The 2000 Project Implementation Review (*GEF/C.17/8*) also identified projects where biodiversity conservation and sustainable use had been successfully linked with improvements in the well-being of stakeholders.*

### **OTHER RECOMMENDATIONS FROM THE POLICY RECOMMENDATIONS FOR THE SECOND REPLENISHMENT PERIOD**

*In policy recommendation number 2, the Secretariat was called upon "...to further develop the GEF resource allocation strategy to maximize global impacts and effectiveness of operations, and to make the development of broad 'performance indicators' a high priority."*

*Policy recommendation number 4 called for "...the further strengthening of the Secretariat monitoring and evaluation function by providing additional capacity for independent evaluation and for the urgent development of performance indicators...."*

*Progress*

43. In cooperation between the GEF Secretariat, its Implementing Agencies and STAP program indicators were developed for the GEF climate change and biodiversity programs last year. The indicators have been tested during the implementation of the program studies (GEF/C.16/Inf. 4-5). The indicators in climate change have proved to be very useful, while those for biodiversity were found less satisfactory. It is proposed in the monitoring and evaluation work program for FY 2002 (ref. the budget document) that the program indicators for biodiversity will be revised. It is further proposed that indicators for International Waters and land degradation as it relates to GEF programs, will be developed.

44. An additional staff member joined the GEF's corporate monitoring and evaluation team in May 1999. Over the past few years there has been an increase in the participation in the corporate M&E activities by the Implementing Agencies and STAP.

ANNEX A

SUMMARY MATRIX  
ACTIONS TO IMPLEMENT THE RECOMMENDATIONS OF THE STUDY OF  
GEF'S OVERALL PERFORMANCE

<b>Recommendation (priority recommendations listed first)*</b>	<b>Action</b>
1. Enable Operational Focal Points to be more effective advocates of GEF issues.	Activities approved by Council in May 1999 are being carried out. Midterm review report on assistance provided to the focal points and Council Members presented to Council ( <i>GEF/C.17/Inf.10</i> ) Country Dialogue Workshops underway, with 17 organized in the past year.
2. Authorize and adequately fund GEF outreach and communications strategy.	Strategy for greater outreach and communications approved by Council in October 1998 is being implemented.
3. Mainstreaming by the Implementing Agencies.	Indicators of Implementing Agencies' commitment to GEF have been developed. World Bank Environment Strategy presented to Council ( <i>GEF/C.17/Inf.15</i> ).
4. Study approaches to permit additional organizations to propose and carry out GEF projects directly. (Implementing Agency Monopoly)	Council approved in May 1999 expanded participation of Regional Development Banks in preparing and executing GEF projects. Progress report in <i>GEF/C.17/13</i> .
5. Develop simpler, more straightforward guidance on incremental costs.	GEF Secretariat in collaboration with the working group on incremental costs has commissioned a consultant to explore options in the application of the principle of incremental costs.
6. Expand participation of private sector.	Many new projects include private sector involvement as providers of technology, goods and services.
7. Council should consider delegating second review of project proposals to the GEF Secretariat.	Approved by Council in October 1998. Recommendation closed.
8. Council should address need for clear definition of "new and additional" financing for GEF.	No further actions planned.

<p>9. GEF should regularly review its portfolio with other institutions. GEF should work with OECD to assure comparable data.</p>	<p>GEF has taken the lead in developing and implementing an information-sharing and data-exchange initiative among international institutions involved in global environment investments.</p>
<p>10. Adopt and apply a rigorous definition of “leveraging”, and evaluate the replicability of GEF projects.</p>	<p>“Leverage” will be retained as a term to denote additional financial resources. However, GEF will focus more on its catalytic role, through “demonstration effects” and “replication.” The focal area Program Studies (<i>GEF/C.17/Inf. 4-7</i>) made specific efforts to look into this aspect.</p>
<p>11. Council should adopt a policy promoting greater use of local and regional consultants.</p>	<p>All Implementing Agencies have policies that promote the use of national consultants in developing countries.</p>
<p>12. Develop indicators of successful stakeholder involvement and document best practices.</p>	<p>GEF good practice paper on Designing Public Involvement Activities in GEF-Financed Projects provides practical guidance for strengthening stakeholder participation. Indicators of stakeholder participation are being developed and tested. The Program Studies paid specific attention to stakeholder participation (<i>GEF/C.17/Inf.4-7</i>).</p>
<p>13. More specifically identify policies and sectoral activities that could negatively affect project success, and steps to reduce these risks.</p>	<p>Recommendation closed.</p>
<p>14. More thoroughly assess financial sustainability. Encourage broader use of biodiversity trust funds. Provide for longer project implementation periods.</p>	<p>Financial sustainability is key feature examined in review of project proposals. A review of achieving sustainability of biodiversity conservation was conducted in 1999. Programmatic approaches are being developed to provide for longer project implementation periods.</p>

15. GEF should play more proactive role in its relations with conventions. Conduct a comprehensive review of enabling activities.	Regular meetings with Convention Secretariats carried out. CDI undertaken in close interaction with Convention COPs and subsidiary bodies. Studies of biodiversity and climate change enabling activities in FY99 and FY00, respectively.
16. Provide new, more focused mandate for STAP.	STAP work program is focused on priorities identified in Corporate Business Plan. Recommendation closed.
17. Allow IAs to submit a range of estimates of incremental costs when projects are first submitted.	Recommendation closed.
18. Undertake a formal identification of ecosystems and ecosystem types that should be highest priorities for GEF.	Recommendation closed.
19. Compile and disseminate information on successful sustainable use projects.	Information on successful projects in sustainable use was compiled and disseminated. Project Implementation Review ( <i>GEF/C.17/8</i> ) identified successful projects.
Others: Make development of performance indicators and high priority. Strengthen GEF's M&E capacity.	Identification of program indicators, led by M&E team in cooperation with Implementing Agencies and STAP, is progressing. Climate Change program indicators published. GEF M&E capacity has been increased.

\* The order of the recommendations is not the same as in *the Study of GEF's Overall Performance*.