

## **Promoting Strategic Partnerships between the GEF and the NGO Community**

At its meetings in November 1994 and May 1995, the Council addressed the issue of NGO observers at Council meetings and the convening of NGO consultations in conjunction with Council meetings. As a next step, the Secretariat was invited to consider means to strengthen the involvement of NGOs in GEF project activities.

In preparation for the NGO consultation convened prior to the Council meeting in October 1995, the Secretariat invited a consultant to prepare a paper on strengthening relationships between the GEF and the NGO community. The paper, *Building on Strengths: Thoughts on the Relationships between the Global Environment Facility and the NGO Community*, was circulated to, and discussed at, the NGO consultation.

On the basis of this work and the NGO consultations, the CEO proposed to establish a working group composed of representatives of NGOs, the Implementing Agencies, and the Secretariat to examine NGO involvement in the GEF beyond the arrangements for Council meetings.

A working group consisting of ten NGO representatives, chosen by the NGO community, was established. This working group met in November 1995 and February 1996 and included in some of its sessions participation by Implementing Agency and Secretariat representatives.

The NGOs participating in the working group produced a series of issues papers and working drafts of specific proposals for enabling the GEF and the global NGO community to work together more effectively. This paper, *Promoting Strategic Partnerships between the Global Environment Facility and the NGO Community*, is the final product of those efforts. While the Implementing Agencies and the Secretariat were invited to comment on drafts of this paper, it reflects the views and proposals of the NGO representatives and does not necessarily reflect the views of the Implementing Agencies nor the Secretariat.

This paper will be discussed at the NGO consultation to be convened in April 1996 prior to the Council meeting. It is being circulated to the Council for its information.

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### *Executive summary of a report from the GEF-NGO Working Group*

#### 1. Introduction

Nongovernmental organizations (NGOs) have been active participants in the GEF since its inception, but the GEF community has not taken full advantage of their tremendous potential for helping the Facility to accomplish its mission. In November 1995, the NGO community, in

collaboration with the GEF Secretariat, established a GEF-NGO Working Group to review GEF-NGO relationships and recommend guidelines for developing strategic partnerships. [\(1\)](#)

This report presents the findings of the Working Group and sets forth a number of recommended actions for the near future, which we have designed within the framework of the Instrument to reflect a series of strategic objectives (section 1.1), address certain impediments to more fruitful collaboration (1.2), and build upon guiding principles such as accountability, cost-effectiveness, open competition and transparency (1.3).

## 2. Enhancing GEF-NGO partnerships

The Working Group recommends several immediate changes in existing practices to enable NGOs to contribute more effectively to GEF objectives. These include recommendations for:

- Mainstreaming NGO participation in larger GEF projects (2.1),
- NGO participation in monitoring and evaluation (2.2),
- Expedited NGO access to PDF resources (2.3), and
- Strategic support for National Environmental Funds (2.4).

## 3. Expedited access to GEF resources for mid-sized grants

The Working Group believes that the most important key for enabling the GEF to take full advantage of the potential that NGOs offer is to expedite the access of NGOs and other actors to mid-sized grants (from \$50,000 to \$750,000). Current GEF practices for reviewing and approving projects of this scale impose high transaction costs and long lead times that are a significant barrier to entry to NGOs and other potential GEF partners. Moreover, current procedures for contracting, disbursing funds, and supervising projects of this scale impose unnecessarily onerous costs and requirements that limit the GEF's ability to work at this scale.

Accordingly, the Working Group recommends immediate actions to eliminate many of the impediments facing proponents of mid-sized projects. Concretely, the Working Group is engaging in detailed discussions with the Implementing Agencies to identify ways in which agency procedures may be streamlined to expedite processing and implementation of mid-sized projects (3.1). We hope that these discussions will bear fruit in the coming weeks.

Nevertheless, there is also a compelling argument for a complementary expedited pathway for mid-sized grants, drawing upon many of the experiences of private foundations and other institutions to facilitate the submission, review and implementation of mid-sized projects on a competitive basis (3.2). The Working Group's most important recommendation is that the GEF move quickly to design a complementary pathway for mid-sized grants that reflects the principles of accountability, cost-effectiveness, competitiveness, flexibility and fairness that are incorporated in the pathway proposal presented in this report.

## 4. Monitoring the evolution of the partnership

Strategic partnerships between the GEF and the NGO community have enormous potential but their development will require careful monitoring and reflection. To this end, we propose the creation of an ongoing GEF-NGO Review Committee to monitor the impacts of these changes and recommend future improvements.

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## Promoting Strategic Partnerships between the GEF and the NGO Community

*A report from the GEF-NGO Working Group* [\(1\)](#)

### 1. Introduction

The global NGO [\(2\)](#)

community includes hundreds of thousands of NGOs that play decisively important roles in sustainable development, environmental protection and many other fields. Their individual and collective strengths offer countries, communities and institutions around the world valuable opportunities for working more effectively. We must develop better ways to harness the NGOs' strengths to help solve our most daunting problems.

Strategic partnerships with NGOs offer tremendous potential for the GEF, which needs the expertise and other assets of the NGO community to achieve its mission. But those partnerships must be built on realistic assessments of NGOs' comparative advantages and clear understandings of how GEF-NGO alliances can help to solve the problems for which the GEF was created. The partnership must *mainstream* NGO involvement in GEF programs and activities.

This paper presents a series of concrete recommendations for enhancing the GEF's ability to take advantage of the enormous potential of the global NGO community. An earlier paper [\(3\)](#) distributed at the October 1995 meeting of the Executive Council, discussed the challenges of GEF-NGO relations in some detail. Since November, a Working Group of NGO leaders from ten countries has met to develop these recommendations for building better partnerships in the near future. This paper builds on the October paper and draws on inputs from many other contributors to present the Group's analysis and recommendations for action.

The introductory section of this paper sets the stage with a presentation of the strategic objectives that the Working Group proposes as a suitable foundation for GEF-NGO partnerships. The section then presents a summary of what we have identified as significant impediments to the development of these partnerships, and concludes with a statement of the principles that have guided the crafting of our recommendations.

The second section of this paper presents concrete recommendations for enhancing GEF-NGO partnerships by introducing relatively modest changes in existing GEF practices and programs. Specifically, we recommend measures for mainstreaming NGO participation in larger GEF

projects; expanding NGO participation in monitoring and evaluation activities; expediting NGO access to PDF resources; and strategic support for National Environmental Funds (NEFs). There should be little to prevent the GEF from acting on these recommendations immediately; they require limited efforts to rethink or retool existing procedures.

The third and final section of the paper addresses what the Working Group feels to be the *central* issue in the recasting of GEF-NGO relationships -- the creation of pathways for expedited access to GEF resources for project funding. Mid-sized projects, efforts that are larger than those in the Small Grants Program and smaller than average GEF projects, offer great potential for helping the GEF to address its mission. For a variety of reasons, however, few mid-sized projects have received GEF support to date.

Expedited access to mid-sized project funding is a need shared equally by NGOs, government organizations, private enterprises and other aspirants to GEF financing. Accordingly, our recommendations in this section address the issue of expedited access to GEF funding for mid-sized projects, regardless of their origins. We believe that the GEF should take the lead in showing how multilateral institutions can channel resources more cost-effectively to NGOs and other partners.

#### 1.1. Strategic objectives of the proposed GEF-NGO partnerships

We believe that close, professional, and strategic partnerships with NGOs offer the GEF one of the most effective means for achieving its mission. The GEF Executive Council has decided that the GEF should support activities chosen with reference to the GEF Operational Strategy, in the three categories of Operational Programs, Enabling Activities and Short-Term Response Measures. We believe that GEF-NGO partnerships should also be developed within the framework of the Operational Strategy, but urge the GEF to remain open to NGO-proposed relationships that are consistent with the Strategy but which allow for creativity and flexibility in achieving shared objectives.

It is important to bear in mind that NGOs are different from government agencies, multilateral organizations and other institutions that work closely with the GEF. They have characteristic capabilities and constraints that collectively define the NGO sector's comparative advantage. NGOs are particularly good at generating new ideas and innovative practices; executing projects cost-effectively; promoting public participation; and expressing critical perspectives on programs, policies and strategies. At the same time, NGOs often have limited financial resources, making it difficult for them to sustain the high transaction costs of proposing and participating in mainstream GEF projects. And they need help in disseminating the lessons of their innovative efforts and in building strong, well-managed institutions.

Partnerships with NGOs should build on these distinctive characteristics. More specifically, we feel that all GEF-NGO partnerships should be carefully and selectively crafted to achieve one or more of the following strategic objectives, which we see as *instrumental* to the development of relationships that make the most of NGOs' distinctive strengths. GEF-NGO partnerships should:

- Support NGO efforts to promote greater and more effective participation of the public in general and affected populations in particular in GEF projects and decisions -- at all levels, but most particularly at local and national levels.
- Promote more effective networking (information exchange and inter-institutional dialogue and coordination) among GEF-relevant NGOs and other actors active or important in GEF issue areas.
- Encourage government agencies, implementing agencies, and other non-NGO actors to make appropriate use of existing NGO expertise and capacity (as co-executors, contractors, subcontractors, advisors, etc.).
- Invest in and reinforce NGO capacity for creativity and innovation in relation to GEF objectives (and strengthen the NGO community's capacity to apply and disseminate those innovations more broadly).
- Strengthen NGO institutional capacity to address GEF issues more effectively by supporting human resource and institutional development in the NGO community.
- Support and strengthen NGO capacity to develop and publicly articulate independent, constructive and occasionally critical perspectives on programs, policies and strategies in GEF issue areas.

## 1.2. Impediments

In our discussions with scores of NGOs, Implementing Agencies (IAs) , Secretariat staff and others, the Working Group has identified several impediments to the building of more effective GEF-NGO partnerships. This is not an exhaustive list of difficulties in the current relationships; we also recognize that not all of those with whom we discussed these issues are likely to agree with all of the following analysis. Nevertheless, we perceive that:

- The GEF has not taken adequate advantage of opportunities to benefit from NGO involvement in many aspects of the GEF program. Modest changes in the areas of NGO participation in larger GEF projects, NGO access to PDF resources, greater openness to partnerships with NEFs, and NGO involvement in GEF project monitoring and evaluation can yield significant returns to effort and investment.
- The long lead time required for proposing, reviewing, vetting, and approval of GEF projects constitutes a serious barrier to entry for NGOs and other proponents of mid-sized GEF initiatives. Mid-sized projects (with budgets from \$50,000 to \$750,000) take as long to approve and get started as much larger projects. Unnecessarily complicated contracting and disbursement rules also limit mid-sized projects.
- IA staff in the field are often unable to provide quick, reliable answers to proponents of prospective projects regarding the likelihood of project eligibility. This may be due to the frequency of change of eligibility guidelines and/or imperfections in IA staff orientation. Project proponents often cannot afford to invest in project planning and development only to hear much later of an eligibility problem.
- Many valuable projects that are consistent with GEF Operational Strategy and rules don't make it through the project cycle simply because IAs are not designed to nurture certain classes of projects. IA field staff understandably concentrate on larger projects that reflect the IAs' larger country program strategies. IA task managers have limited incentives to spend time and resources on mid-sized GEF initiatives that do not directly promote the

agency's country strategies, however desirable those efforts may be for the country and the GEF Operational Strategy.

### 1.3. Proposed partnership principles

The partnership we seek between the NGO community and the GEF should be a serious professional collaboration based on a clear understanding of shared interests, real constraints and the potential for mutual benefit. Neither the GEF nor the NGO community exists primarily to serve as the medium for the accomplishment of the other's objectives. Where we can locate and build upon common ground, both parties stand to gain a great deal. Where interests diverge, we should not force a relationship.

In this spirit, the Working Group proposes the following principles for the proposed partnership:

- Neither party should seek to impose upon the other practices or conditions that are inconsistent with its mission or principles. The NGO community should not seek exemptions from GEF operating strategies and rules; though it should and does seek opportunities to play on a level playing field with other actors in the GEF universe. Conversely, the GEF should not expect NGOs to simply function as handmaidens to its own mission when NGO mandates are more complex.
- We do not seek to create a cumbersome parallel institutional infrastructure to service GEF-NGO partnerships. Wherever possible, arrangements to facilitate these partnerships should be built upon existing structures. Where existing structures prove inappropriate or unnecessarily expensive, other mechanisms should be designed to be as competitive and cost-effective as possible, generating savings rather than incremental expenses.
- GEF partnerships with the NGO community should be built on a principle of open, fair competition. NGOs, government agencies, IAs and private enterprises should compete for opportunities to offer services and projects. These opportunities should be awarded to those institutions that present the best and most cost-effective alternatives for doing what needs to be done.
- Accountability and transparency are essential. The means we adopt to promote partnerships must assign clear accountability rules, and must ensure that other actors and the general public have access to information regarding how resources and opportunities are allocated.
- Rules should serve our shared mission; the mission should not be sacrificed out of exaggerated respect for the rules. Within the boundaries set forth in the Instrument, the GEF should attempt things that have never been tried before, if they appear to offer more effective alternatives. Wherever possible, rules should be designed to take advantage of the distinctive contributions that the NGO community and others can make.
- The benefits of innovations in the management of GEF partnerships should be shared as widely as possible. Changes that have helped to promote more effective GEF-NGO partnerships should be made widely available to government agencies, private enterprises and other institutions that constitute the universe of desired GEF partners.

## 2. Enhancing GEF-NGO partnerships

In this section, the Working Group proposes a measure of flexibility in existing GEF practices and programs that can substantially improve the GEF's capacity to take advantage of what the NGO community has to offer. In our view, these initiatives can and should be acted upon immediately, to enable the GEF and its NGO partners to begin to reap some of the benefits of these relationships in the coming year.

## 2.1. Mainstreaming NGO participation in larger GEF projects

An area in which NGOs may be able to make some of their greatest contributions to the GEF's mission is in the mainstreaming of NGO participation in larger GEF projects, most of which will be conceived and managed by government agencies. Specifically, we recommend:

### 2.1.1. NGO participation in the development of Operational Programs

The GEF has spent a great deal of effort in recent months in the development of the GEF Operational Strategy, which will lead to Operational Programs. Some programs have benefited from NGO inputs. An obvious way to take advantage of the expertise of the NGO community would be to engage NGOs earlier and more directly in the conceptualization and development of Operational Programs.

### 2.1.2. NGO participation in the execution of larger GEF projects

NGOs have already played a key role in the execution of larger GEF projects, as advisors, trainers, contractors, subcontractors and co-executors. The GEF should develop guidance for planners of larger GEF projects that directs them to routinely consider how NGO participation in the execution of their projects may be used to enhance project effectiveness.

### 2.1.3. Enforcement of existing guidelines for public participation

The Council is considering extensive guidelines for public participation. If enforced more uniformly, these guidelines would have a major impact on the extent and quality of NGO participation in mainstream GEF projects.

### 2.1.4. More small grants programs as components of larger GEF projects

The Small Grants Program has shown how important local actors can participate in the GEF's work, and these lessons should be used more widely. Numerous GEF projects have already begun to innovate by including project components which allow an NGO, an NEF or some other institution to manage independent small grants programs to retail GEF funding to NGOs, community organizations, local governments and other organizations for small projects that support the objectives of the larger GEF project. These small grants programs can be powerful tools for generating broader support for and participation in larger GEF projects. The GEF should instruct project planners to consider more frequent use of this tool.

### 2.1.5. Financial incentives for governments and others to innovate in ways to incorporate NGOs and the public at large in the design and implementation of larger GEF projects

NGO-government collaboration is a two-way street. Government agencies planning larger GEF projects should also have incentives to identify creative ways for seriously engaging NGOs and the public at large in larger GEF projects. The GEF should consider creating a matching or topping-off fund for proponents of larger GEF projects that would allow them to compete for resources by designing such innovative approaches and including them in their proposals. Responsibility for designing and managing the competition could be assigned through a competitive bidding process.

## 2.2. NGO participation in monitoring and evaluation (M&E)

Many NGOs are well-qualified to offer monitoring and evaluation services that can significantly enhance the effectiveness of GEF projects. Our recommendations in this area are not designed to assign to NGOs the role of watchdog over IAs or GEF projects. Rather, these efforts are suggested as means to allow the GEF, its IAs and executing agencies to take full advantage of the M&E services that NGOs can offer. Most of these suggestions can be put into effect without substantial costs and may even offer potential for cost-savings, in comparison with current M&E practices. References in the following text to NGOs or consortia of NGOs might also be expanded to include private service sector firms and other potential vendors of M&E services.

### 2.2.1. NGO consultation and engagement in Secretariat's M&E strategies

The M&E officer soon to join the Secretariat should make a habit of routinely and systematically engaging qualified NGOs or consortia of NGOs in the development and implementation of the Secretariat's M&E strategies.

### 2.2.2. Contract NGOs for M&E tasks for specific projects or groups of projects

The Secretariat, the IAs, and project executors should routinely consider the expedient of contracting NGOs or consortia of NGOs with particular expertise in M&E tasks to undertake, participate in, and/or oversee M&E functions for specific projects or groups of projects. NGOs specializing in M&E offer the possibility of more rigorous and cost-effective M&E services than may be available from others.

### 2.2.3. NGO engagement in development of M&E strategies for specific Operational Programs

GEF staff developing Operational Programs should engage qualified NGOs or consortia of NGOs for assistance in designing strategic M&E plans for specific Operational Programs. NGO expertise in this task can help to ensure greater rigor and can help to identify and develop important lessons to be extracted from project experiences in the Operational Programs.

### 2.2.4. Support for projects of NGO-managed M&E activities

NGOs or consortia of NGOs with special expertise in M&E methods and in specific focal areas should be encouraged to propose specific projects that would underwrite their evaluations of bodies of experience in one or more Operational Programs, and/or one or more functional topics (cost control, learning and dissemination, public participation). These thematically or



functionally designed, multi-project evaluations would serve to help the GEF to extract and disseminate valuable lessons from its cumulative project experience. Alternatively, the Secretariat M&E officer might develop terms of reference for such sets of evaluation activities, and manage competitive bidding processes to select the institution best suited for executing them, be it an NGO, an IA, a private firm, or some other sort of entity.

### 2.3. Expedited NGO access to PDF resources

Easier NGO access to PDF resources can do much to help the GEF take advantage of its NGO partners. PDF resources can help NGOs to develop quick and flexible responses to emerging opportunities and problems, and can blaze the trail for larger projects that promote more creative partnerships involving NGOs. Access to PDF resources also allows NGOs to flesh out innovative ideas that are not yet adequately understood or accepted, and generate the legitimacy and support needed for the successful evolution of subsequent projects. Managers of Operational Programs should routinely look for ways to use PDF funds to help NGOs make their programs more effective. Some of the ideas mentioned below might also be applied to the expediting of private enterprise and government organization access to PDF resources.

#### 2.3.1. Work with IAs to find ways to facilitate NGO access to PDF resources

The Secretariat, in collaboration with NGOs and other actors, should draft guidance for the IAs that encourages them to facilitate greater NGO access to PDF resources. The Working Group recommends the development of illustrative percentage targets (not earmarks or ceilings) for IA PDF distributions to NGOs. Each year, the Secretariat should evaluate IA success in reaching those targets and use that evaluation as one of several factors in determining future allocations of PDF resources among IAs.

#### 2.3.2. Projects run by NGOs or NEFs to manage focused PDF allocation (retailing PDFs)

NGOs, consortia of NGOs or NEFs (or private firms) that are in close contact with their national or regional institutional communities may be effective managers of efforts designed to generate innovative ideas by casting the PDF net more widely. These actors should be encouraged to apply to the GEF (perhaps using the mechanisms discussed in section three), for project funds that would be used to underwrite project development retailing activities. Obeying rules set forth in the proposals, these projects could distribute small PDF grants to a larger number of actors for the purpose of exploring creative project ideas in reference to an agreed-upon Operational Program or another GEF objective.

### 2.4. Strategic support for National Environmental Funds (NEFs)

NEFs [\(4\)](#)

play a unique and increasingly important role in the global environmental community. Unlike most NGOs, NEFs rarely execute projects themselves. Instead, they play a variety of important intermediary roles: attracting and leveraging funding from a number of donors; improving donor communication and donor awareness of the national needs and priorities; and underwriting the

often difficult-to-finance but nevertheless critically important recurring costs of global environmental protection. In these roles, NEFs are vitally important actors in the establishment of sustainable, nationally-controlled funding mechanisms for environmental protection.

Most important for the GEF, perhaps, is the NEFs' capacity to serve as competent, accountable retailing intermediaries. It is difficult and costly the GEF and other international donors to develop the relationships with local and national actors that are necessary to do responsible grantmaking in local milieus, yet those venues are precisely where much of the most important GEF work remains to be done. NEFs acting as retailers of funding pools can reduce transactions costs, ensure appropriate levels of accountability, catalyze new forms of partnerships and play key outreach, public information and participation roles for funders that otherwise cannot operate on the local level in a cost-effective manner.

Despite the NEFs' many advantages, however, the Working Group does not advocate general, unrestricted GEF support for NEFs. We observed that there is substantial diversity in the capabilities and philosophies of existing NGOs. Some operate as effective, participatory mechanisms for supporting valuable activities chosen in a transparent, professional manner. Others operate in less open, top-down fashions without the degree of participation and inter-institutional collaboration that is present in the more effective NEFs.

Accordingly, as in other sections of this paper, we recommend *strategic* GEF interventions that build upon the more competent and best qualified NEFs' capacity to serve as instrumental allies in the accomplishment of specified GEF objectives. Here are our ideas for how to do so:

#### 2.4.1. Increased financial support to existing NEFs for specific objectives

Existing NEFs can serve as retailing intermediaries to help the GEF to channel resources to other local and national institutions for activities chosen with reference to strategic GEF objectives by:

- Encouraging larger GEF projects to use the NEFs to manage small grants components of larger projects.
- Providing direct capital support to create funds that NEFs can manage as retailers to secondary grantees that propose activities related to agreed-upon GEF priorities.

In either case, the GEF may wish to require that participating NEFs take advantage of some of the institutional strengthening services mentioned in 2.4.3. below.

#### 2.4.2. PDF support for the design of new NEFs where appropriate

In countries where no NEF or NEF-like institution currently exists, the GEF should encourage the use of PDF funds to conduct studies of the feasibility of creating NEFs to serve the intermediary functions described above.

#### 2.4.3. Institutional strengthening services for NEFs

Since NEFs are a relative newcomer to the institutional community, it is not surprising that many NEFs need assistance in the development of strong, participatory, responsible institutions. To help the NEFs to live up to their potential, we urge the GEF to develop terms of reference for a competitively bid program to help develop NEF institutional capabilities. Potential bidders might include IAs, NGOs, consortia of NGOs, private consulting firms or consortia, universities or other educational institutions, and others.

The terms of reference should call for the offering to NEFs of an array of services, in many cases as conditions of access to substantial sums of GEF support. Those services might include training and technical assistance in:

- the development of strategic plans;
- selection and training of boards of directors and NEF professional staff;
- the management of responsible, transparent, accountable grantmaking and grants administration programs;
- the development and execution of strategies for establishing a stable and diverse financial base;
- the development of twinning, mentoring or partnering relationships with more established NEFs and/or other grantmaking institutions.

### 3. Expedited access to GEF resources for mid-sized grants

The GEF needs mechanisms for the expedited and cost-effective processing of request for mid-sized projects. The current system for the presentation and processing of mid-sized (herein defined as \$50,000 to \$750,000) grant proposals is unwieldy, and constitutes a barrier to entry for NGOs, private enterprises, government agencies and others that would like to undertake projects of this scale. Many project proponents (NGOs and others) cannot afford to sustain these high transaction costs (in staff time and effort), and are deterred by the prospect of waiting many months or even years for decisions and resources. The long lead time also eliminates one of the signal advantages of NGOs and private enterprises: their capacity to generate quick and innovative responses to new opportunities and problems.

Moreover, current mechanisms for the review, approval and supervision of mid-sized grants are simply not cost-effective. In our view, it does not make sense for the GEF and its IAs to require the same levels of project review and supervision for \$250,000 grants as they do for \$25,000,000 grants. Doing so results in supervision costs that bear no reasonable relation to the scale of the project. The application of the competition principle sketched in section 1.3 to the design of new pathways for mid-sized grants can lead to a leaner, more cost-effective GEF. These approaches, once tested and proven in this arena, may then be more generally applicable in the future to GEF procurement of a larger array of services related to its mission.

The Working Group has explored several ways of addressing these issues. In section 3.2, we propose Council approval of the operationalization of a new, complementary pathway for mid-sized grants. We are also pleased to report that the Working Group will be working closely with the IAs over the coming weeks and months to discuss ways in which the IAs themselves can expedite their own ways of processing mid-sized grants. We are hopeful that these discussions

will lead to substantial improvements in the way proponents of mid-sized projects can work with the IAs. Nevertheless, for reasons explained in section 3.2, the Working Group believes that a complementary pathway is necessary even if current IA practices improve substantially.

Finally, the changes recommended in this section are not for NGOs alone. The GEF's ability to work effectively with the private sector and other actors is also constrained by the lack of expedited pathways for grant access [\(5\)](#)

. Access to new expedited pathways should be shared by NGOs, NEFs, private enterprises and government organizations, when and where these actors are able to use these means to make important contributions to GEF objectives.

### 3.1. Discussions with Implementing Agencies

The Working Group has met repeatedly with representatives of the IAs to discuss how to improve and expedite access to mid-sized grants. During our meetings in early February, we agreed to meet with the IAs during the coming weeks to have extensive discussions of specific details of the IAs' practices and procedures, and to identify specific innovations to expedite access to mid-sized grants. As these talks progress, we will prepare memoranda summarizing progress made. At some point, it will be important to convene an interagency meeting to discuss ways to make expedited IA processes more uniform among the IAs themselves.

Our discussions with IAs will focus on details throughout the entire project cycle, from the generation of project ideas through project completion and final evaluation. To begin with however, the Working Group has posed four general questions to the IAs for them to consider in preparation for our talks:

- How can your agency ensure quick, reliable and consistent reviews of the basic eligibility of mid-sized grant proposals, to prevent the investment of time and resources in projects that may later be declared ineligible?
- How can your agency prepare itself to execute quick, good-faith reviews of mid-sized grant proposals to determine whether they should be presented to GEFOPS, even if the proposals fall outside the scope of your IA field offices' country strategies or fields of particular expertise?
- How does your agency propose to expedite actual approval procedures, at the IA level, in GEFOPS and thereafter?
- How can your agency expedite project implementation (contracts, procurement agreements, disbursements, financial management) and monitoring and evaluation activities?

When the IAs, in consultation with the Working Group, the Secretariat and others, manage to expedite their rules and procedures for processing mid-sized grants, the GEF will be blessed with a much more cost-effective way of engaging a host of partners in efforts that can add a great deal to the GEF's portfolio. We would hope that a majority of mid-sized grants might be processed through expedited IA pathways in the coming years.

### 3.2. Complementary expedited pathways for mid-sized grants

Even if the Implementing Agencies do manage to effectively streamline their own procedures for mid-sized grants, the GEF community will still need a complementary expedited pathway. Given the institutional complexity of the IAs and the diversity of the programs and tasks assigned to them around the world, it is inevitable that certain categories of eminently desirable GEF activities will have difficulty making their way through the IA-managed project cycle.

Figure I: Categories of projects that might be processed through the complementary pathway (A copy of this table is available on request from the GEF Secretariat).

Figure I helps to explain the Working Group's reasoning. The large light gray oval represents the universe of eligible and desirable GEF activities in Country X: it includes all potential initiatives that are consistent with the GEF criteria and the Operational Strategy, and are of interest to Country X. The other three ovals represent the overall work programs of the IAs in Country X. IAs are responsible for negotiating and executing work programs that include many efforts that do not fall within the scope of the GEF (the dark gray areas). Indeed, some IAs actively promote projects in some countries that are actually contrary to some of the GEF's objectives. For example, an IA may pursue energy or agricultural sector policies that may actually differ substantially from GEF guidelines for global environmental protection.

Typically, IA task managers are primarily responsible for ensuring that the large, multi-million-dollar projects that are central to their basic work programs are successfully executed. They have little time and limited incentives to pay attention to the processing of small or mid-sized GEF projects that are not components of their basic work programs. These projects (in the light gray area of the large oval) may be highly desirable from the perspective of the GEF Operational Strategy *and* highly desirable to Country X's government. Yet there are few incentives for the IAs to attach high priorities to these projects. It is hard for these projects to materialize, particularly if they are initiated by NGOs, private enterprises or other entities that have not participated directly in the formulation of the IA's basic work program.

Finally, an IA may have even greater difficulty nurturing and promoting projects that are overtly critical of other elements of the IA's work program (non-GEF-linked activities that may run counter to GEF principles). Nevertheless, open public discussions of such differences are important for the healthy evolution of a country's global environmental protection strategy. Voicing independent perspectives on these issues is one of the distinctive contributions that NGOs can make to a country's GEF program, and the development of such perspectives may be endorsed by the country's GEF focal point; few governments are monolithic in their decision making.

The Working Group strongly recommends the establishment of an expedited complementary pathway for mid-sized grants, to enable good ideas that may fall outside of the IAs' work program priorities to compete fairly for GEF resources. This is *not* a request for special treatment for NGOs or for exemptions from central tenets of GEF operations. Specifically, the pathway:

- should be open to government agencies, NGOs and private enterprises alike, when and where these actors are able to use these means to make important contributions to GEF objectives;
- should respect the GEF principle of country-driven programming, and require government endorsement of proposed activities;
- should present projects to GEFOPS for formal review and approval;
- should incorporate safeguards to ensure appropriate levels of accountability;
- should enable mid-sized project proponents to present and receive support for qualified projects in an expedited fashion;
- should not require rigid supervisory structures that cost more than is reasonable for mid-sized efforts;
- should draw upon and incorporate the best contemporary practices of private foundations and other grantmaking organizations that have successful experience in the identification, review, approval and supervision of mid-sized grants.

Here is how the complementary pathway would work. The Working Group acknowledges that the development of specific guidelines and rules for the pathway will require a lot more analysis and attention to detail, and recommend that the Secretariat work with us to map out the pathway in greater detail and draft rules for its use. We will be happy to discuss more specific details of many of the components of this pathway; the purpose of this section is simply to summarize the most salient aspects of our thinking. Table I and the following text outline key elements of the pathway.

### 3.2.1. Project preparation and approval in the complementary pathway

Projects may be proposed by any qualified institution. For NGO projects, the Working Group encourages projects presented by consortia or alliances of NGOs, and recommends a requirement that all NGO projects have at least one or more host-country NGO partner in a leadership role.

### 3.2.2. Government endorsement and public notification and commentary

Governments will continue to endorse projects in the pathway as they do other GEF projects, albeit on a no objection basis. Projects duly registered with the government GEF focal point are deemed to be acceptable when no action has been taken eight weeks after submission. The Working Group also assigns great importance to public notification and commentary. Project proponents must follow specific guidelines for informing the public of the proposed project and allowing interested parties at least four weeks to review the proposal and register suggestions, critiques or endorsements, which become part of the project file.

### 3.2.3. Quick Secretariat review of basic eligibility

To avoid ambiguous or unreliable initial eligibility rulings (see section 1.3), the Working Group recommends that the Secretariat establish a simple, uniform process for receiving mid-sized grant proposals and quickly (within a week) issuing a judgment on their basic eligibility, giving the proponent the confidence that continued investment in project development will not run into fundamental eligibility disqualifications.

#### 3.2.4. Project Review Unit (PRU)

The Project Review Unit is one of the most significant innovations of the complementary pathway. The Working Group recommends that the Secretariat and the Group develop terms of reference for a publicly bidded competition for the management of the PRU. Bids would be invited from NGOs, consortia of NGOs, IAs, foundations, private enterprises and other interested parties. Bidding parties would present designs and budgets for the management of a lean, cost-effective mechanism for receiving pathway proposals, assembling teams of expert reviewers, and preparing quick reviews of proposed projects, reporting with standardized review formats using checklists of uniform criteria.

The GEF would select the bid that offered the most compelling and cost-effective proposal for managing a high-quality, fast-response project review process. The winner of the bidding process would manage the PRU as an independent project and cost-center, responsible for receiving and processing proposals for mid-sized GEF grants from all sources, regardless of the projects' relationships to other elements of the work program of the PRU host institution.

The PRU would be a small office of professionals managing an extensive data base of hundreds of qualified professionals around the world, drawn from the STAP roster, IA lists of experts, NGO recommendations, faculty of universities and other academic centers, etc. Review panels of two or three experts would be chosen for each proposal, and these would submit their reviews to the PRU within a specified period of time, at which point the proponent(s) would be notified of the decision. The decision and accompanying reviews would be available to the general public by means of postings on the Internet.

TABLE I: Proposed complementary pathway for mid-sized grants through project approval phase

(A copy of this table is available on request from the GEF Secretariat).

#### 3.2.5. GEFOPS review and recommendation and CEO approval

PRU-recommended projects would pass to the GEFOPS for review and decision. If an IA bids on and wins the contract for managing the PRU, projects approved by the PRU could be presented to the GEFOPS as proposals associated with the IA. If a non-IA institution wins the bid, the PRU project itself might be in some manner associated with an IA in more of an arm's-length relationship.

GEFOPS would review the projects as they currently review other projects. An affirmative GEFOPS recommendation would send the project to the CEO for signature approval (of grants in the mid-sized range: from \$50,000 to \$750,000). Negative GEFOPS decisions would be communicated to the proponent, with an explanation of the causes for rejection. All decisions would be available to the public on the Internet.

#### 3.2.6. Alternatives for contracting, procurement, disbursement and funds management

This complementary pathway also proposes innovative arrangements for contracting, implementation and oversight of approved mid-sized grants. For decades, the private foundation community has been refining legally binding contractual relationships with its grantees to ensure that the foundations' fiduciary concerns and responsibilities are adequately protected with sound provisions for reporting and accountability. The foundation community has had excellent experience with formal legal grant agreements that oblige grant recipients to adhere to specified rules governing project implementation, funds management, financial reporting, and programmatic reporting. The judicious use of independent financial audits has complemented these arrangements to give private foundations a tested and proven set of mechanisms for ensuring that grant award winners are held legally accountable for their use of foundation funds.

The Working Group strongly recommends that the GEF establish an extension of the complementary pathway that would permit judicious experimentation with alternative mechanisms for the management of mid-sized grants after GEF approval has been granted. Concretely, we recommend that the Secretariat study the private foundation experience and develop guidelines for project management along the lines of the following two alternatives:

- For mid-sized grants under a specified limit (\$150,000, for example) the GEF would disburse funds directly to the grantee organization, pursuant to the terms of a standard legal grant agreement obliging the grantee to periodic narrative and financial reports and appointing an independent financial auditor to formally review the use of GEF funds on an annual basis.
- For grants between \$150,000 and \$750,000, the GEF Trustee would disburse the funds directly to an approved fiduciary agent (a bank, an investment firm, an established NEF, an NGO with approved financial management systems, a foundation, or an accounting firm) which would periodically disburse grant funds to the grantee pursuant to schedules and rules specified in the legal grant agreement, and prepare annual audits of the use of GEF funds.

### 3.2.7. Selective, cost-effective provisions for monitoring and evaluation (M&E)

Organizations with mid-sized grants processed through the complementary pathway would submit, as part of their project proposal, a plan for M&E activities that would set forth the strategic objectives proposed for the project and the indicators to be used to measure progress toward those objectives. The grantee organization would then submit periodic reports on its own progress, reviewing problems and accomplishments. All mid-sized grants would also be subject to periodic spot-check evaluations at the discretion of the Secretariat M&E officer.

The Secretariat M&E officer, in conjunction with the NGO Review Committee (see below), would prepare a plan for periodic spot checks of mid-sized grants and more systematic reviews of selected projects and selected groupings of projects, for the purpose of generating and disseminating useful lessons from these experiences. 4. Monitoring the evolution of the partnership

The mechanisms and innovations suggested in this report have few precedents in the history of NGO relations with multilateral organizations. The Working Group is proposing that the GEF



experiment with proven practices drawn from other experiences (for example, the private foundation model), in an effort to identify practical, cost-effective mechanisms for enabling the GEF to establish strong and useful partnerships with NGOs and other categories of actors. The Working Group itself and the strong working relationships it has enjoyed with the Secretariat and IAs offer a promising example of how the GEF can work creatively with the NGO community to address important issues.

The Working Group strongly feels that this experiment in creative partnerships merits close monitoring and examination itself. The entire GEF community should participate in the analysis of how these new mechanisms are working, and the identification of new and improved ways to work together. We feel that the Working Group created for the purpose of generating this report has proven to be an effective way for focusing the attention of several institutions on shared problems, and strongly recommend the creation of an ongoing body to continue to monitor and evaluate these experiences.

This group, which we might call the GEF-NGO Review Committee, should ideally include representatives from the NGO community, the Secretariat, the Implementing Agencies and the Council, to ensure a diversity of perspectives and ideas. It would receive periodic reports on the success or frustration of the innovations recommended in sections 2 and 3 of this report, and would make recommendations for improving, expanding, terminating or adding to the toolkit of mechanisms for building stronger GEF-NGO partnerships. The GEF-NGO Review Committee need not be a costly, formal undertaking. Modest funding from the GEF and/or from other sources would be required.

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### *Endnotes*

1. The Working Group was formed in November 1995, with a mandate to review the nature of NGO involvement in GEF activities and recommend concrete steps to enable the GEF and the global NGO community to work together more effectively. The Working Group has met twice in Washington, in late November 1995 and early February 1996, and has produced a series of issues papers and working drafts of specific proposals, culminating in this report. Initially chosen by NGO Focal Points, its members include: Alexei Grigoriev, Social Ecological Union, Russia; Liliana Hisas, Fundación Ecológica Universal, Argentina; Sunita Narain, Center for Science and the Environment, India; Yaa Ntiamoah-Baidu, Ghana Wildlife Federation, Ghana; Ojijo Odhiambo, KENGO, Kenya; Eduardo Sanhueza, Climate Action Network, Chile; Achim Steiner, IUCN, United States; Peter Wahl, WEED, Germany; Alex Wood, WWF International, Canada; and Stephen Cox, Fundación Acceso, Costa Rica (consultant contracted by the GEF Secretariat to serve as Working Group facilitator).

The opinions expressed in this paper are those of the Working Group's members, and do not necessarily represent those of the GEF Secretariat or any of the Implementing Agencies.

In addition, several other NGO representatives have made important contributions to the GEF-NGO Working Group and have participated in the efforts summarized in this paper. They

include: Ian Bowles, Conservation International, United States; Randy Curtis, The Nature Conservancy, United States; Nabaha Megateli, IUCN, United States; Ravi Sharma, Center for Science and the Environment, India; and Lando Velasco, GEF NGO Focal Point, the Philippines.

We have also benefited greatly from the inputs of several members of the GEF family, including: Rafael Asenjo, UNDP; Maria Aycrigg, World Bank; Alexandra Bezeredi, Secretariat; Patricia Bliss-Guest, Secretariat; Chona Cruz, Secretariat; Jane Jacqz, UNDP; Ian Johnson, Secretariat; Omar Khalifa, Secretariat; Rohit Khanna, UNEP; Ken Newcombe, World Bank; Emma Torres, UNDP; and Lars Vidaeus, World Bank.

Finally, the Working Group's efforts would not have been possible without the generous financial support provided by the John D. and Catherine T. MacArthur Foundation; the C.S. Mott Foundation; and The Nature Conservancy. The Washington office of the IUCN also played a key role in supporting the Working Group from the outset, and made significant in-kind contributions by assuming substantial fax and telecommunications expenses throughout the process.

2. Nongovernmental organizations. The term is a curious one, insofar as it defines a population of organizations simply with reference to what they are NOT: they are not governmental organizations. In fact, NGO refers to a dauntingly diverse group of categories of organizations that represent civil society in one way or another. They include, for example, community-based organizations, other grassroots organizations, small-farmer and other producer associations, grassroots support organizations, professional and trade associations, religious organizations, academic institutions, research centers, activist and advocacy organizations, fraternal associations, women's organizations, organizations of indigenous peoples, local and national civic associations, regional and international organizations, and many others.

These organizations differ enormously with regard to their philosophies, perspectives, power and potential. In many cases, their diverse backgrounds and interests bring them into direct conflict. The Working Group is conscious of this diversity and the corresponding potential for conflict among NGOs, and does not mean to suggest by the use of this term that all NGOs share perspectives on any particular issue or are likely to have the same view of any prospective relationship with the GEF.

Nevertheless, this brief paper will not attempt to arrive at a precise formal definition of what is and is not included under the general rubric of NGOs. For the purposes of this discussion, the term NGO is used to refer to any nongovernmental organization of any kind, at any level, that is not primarily driven by the objective of generating a profit for its owners or shareholders. The topic of GEF engagement of private for-profit enterprises is the subject of another paper developed by the GEF Secretariat for discussion at the October 1995 meeting of the GEF Council.

3. "Building on Strengths: Thoughts on the Relationships between the Global Environment Facility and the NGO Community," prepared by Stephen Cox at the request of the GEF Secretariat, for discussion at the NGO Consultation in October 1995.

4. National Environmental Funds (or NEFs) are innovative financing mechanisms currently being used in several dozen countries, with new funds now being established in 30 more nations. They may serve a host of purposes, including general sustainable development priorities, protected areas, strengthening local environmental organizations, pollution control and other needs. Most are independent of government, but have governing boards with representatives from NGOs, government agencies, private firms and other sectors. NEF funding has come from debt-for-nature swaps, bilateral grants, multilateral grants and loans, and an interesting array of national sources, including airport taxes (in Belize), privatization funds (in Ecuador), national budget commitments (in Mexico) and private sector contributions (in Jamaica).

5. "Engaging the Private Sector," by Frederik Van Bolhuis