

**Revised, November 12, 2009**

**COMMENTS RECEIVED FROM THE GEF EXECUTING AGENCIES ON DOCUMENTS  
PREPARED FOR THE FOURTH MEETING FOR THE FIFTH REPLENISHMENT OF THE  
GEF TRUST FUND**

## Comments from the Asian Development Bank

ADB fully supports the mission of the GEF and welcomes efforts by the GEF Secretariat to strengthen the effectiveness of the GEF through the introduction of a number of reforms as outlined in the Policy Paper. ADB notes that the current version of the paper has improved significantly and we look forward to participating in further discussions regarding the operational details of specific policy proposals. Specific comments and suggestions in relation to three key areas of the paper are provided below:

1. Voluntary National GEF Business Plans for Programming: ADB generally supports the undertaking of Voluntary National GEF Business Plans for Programming as indicated in the paragraph 10(a) of the document. However, we would like to emphasize that the preparation of the National Business Plans should build on country reports to the various multilateral environmental agreements (MEAs) or conventions (e.g., UNCBD, UNFCCC, UNCCD, etc.) to which a country is a party of, to avoid any duplication. The National Business Plans should identify opportunities for synergy across the existing national plans that have been prepared in response to these MEAs. Moreover, the preparation of these business plans should take into account the country programs and strategies periodically prepared by the Implementing and Executing Agencies as part of their country-level programming work. Arrangements for the preparation of the National GEF Business Plans should aim for objectivity, cost-effectiveness, country ownership and timeliness. The GEF Secretariat would appear to have the advantage in leading the preparation of the National Business Plans but should coordinate this activity closely with all the GEF agencies.
2. Broadening the scope of GEF Agencies: ADB supports efforts to expand the number of agencies with access to GEF resources as a positive step towards bringing diversity into the GEF Partnership. ADB further supports the criteria for broadening the Partnership as outlined in para 26 of the Policy Paper, subject to the condition that the agency being added into the Partnership brings expertise and comparative strengths not present in the current Partnership.
3. The role of GEF Implementing Agencies and Executing Agencies: ADB reiterates its support to the related policy and institutional reforms instituted as part of the fourth replenishment (GEF4) that created a level-playing field for all 10 Agencies based on a clarification by the Council of the comparative advantages of the GEF Agencies (para 23). ADB would however like to seek clarification regarding proposals contained within the Policy Paper regarding the role of the three IAs (WB, UNDP and UNEP). Specifically the paper proposes in para 24 that the IAs would take an enhanced role in policy and strategy formulation of the GEF, including cooperation with the Secretariat in the preparation of National GEF Business plans. Furthermore the WB and UNDP would take an enhanced role in facilitating the engagement of the EAs. While ADB understands that there would be no change in EAs access to direct GEF resources, further clarification of the expected roles and budget implications is required. It is also noted that there appears to be some inconsistencies between the description of IAs roles in para 24 and how these roles are applied in Table 2 where there is no apparent distinction between IAs and EAs.

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## **Comments from the Food and Agriculture Organisation**

FAO fully supports the GEF Secretariat's efforts to make GEF a more effective institution and in principle supports the policy recommendations in the revised document to be discussed at the 4<sup>th</sup> Replenishment Meeting on 13 November 2009. FAO looks forward to participating in future consultations with the Secretariat, particularly with respect to the new ideas on broadening engagement with the agencies.

### **Country support and programming**

FAO supports the preparation of Voluntary National Business Plans as described in paragraph 10 (a) and agrees with the ADB comments that these plans should build on the strategies and reports that countries have prepared as part of their obligations under the numerous multilateral agreements and conventions to which they are parties. Most countries have already developed strategies and action plans in support of the conventions, which will serve as important inputs into the development of the national business plans. The plans should take into account as well the country programmes and strategies of the GEF Agencies. The preparation of the plans could also be used as an opportunity to mainstream global environmental considerations and priorities into the country assistance frameworks and strategies of the GEF Agencies and UN system (through UNDAF). FAO agrees that country programming and formulation of the Voluntary National Business Plans should be led by the National GEF Focal Points and supported by the GEF Secretariat and GEF Agencies, as required.

Further, in relation to programming at the Focal Area portfolio level, FAO finds it important to maintain a platform, preferably coordinated by the Secretariat, for exchange of information among the Agencies and the GEF Secretariat allowing for transparent monitoring of progress in programming. Likewise, this platform should also facilitate the monitoring of outcomes and learning exchange across the portfolio.

### **Broadening engagement of the agencies**

The level playing field was a major achievement when it was introduced post-2006, and it has benefited the recipient countries by opening the choice of agencies with which to collaborate, expanding their network and increasing access to a range of Agencies' infrastructure and expertise, and enhancing their ability to leverage increased co-financing. The GEF Secretariat has likewise benefited by expanding its impact at field level through the networks of the Executing Agencies, raising greater awareness of GEF and increasing collaboration with technical ministries beyond the ministries of environment. The Executing Agencies have also participated actively in GEF corporate activities and contributed to policy and strategy development.

The new ideas proposed on broadening engagement of the agencies seem to re-introduce a two-tier system (actually, a three-tier system with new agencies) and risks unlevelling the level playing field that has finally taken root in GEF-4. FAO believes that the countries are best served by a level playing field. Paragraph 24 adds some new roles to the IAs in relation to the National Business Plans and coordination in the network, but paragraph 25 just states that the EA maintain their current status within GEF including having direct access to GEF resources for projects. FAO

understands, however, that the Executing Agencies will continue their collaboration in GEF corporate activities and would suggest that this be reflected in the next version of the document.

There are inconsistencies in the text, which appear to be more restrictive of the role of the EAs and Table 2: Roles and Responsibilities of GEF Entities, where the role of the EAs seems to be unchanged from their current status. While further consultations regarding Table 2 would be beneficial, FAO supports the more comprehensive roles and responsibilities of the EAs in this Table and would suggest that paragraph 25 be amended to reflect the full collaboration of the EAs as GEF partners.

Paragraph 24 also proposes that the World Bank facilitate engagement of the regional development banks in the GEF partnership and UNDP facilitate engagement of the UN Agencies, an approach that would be consistent with One UN. It should be noted that under Delivering as One, the UN Resident Coordinator, who is appointed by the Secretary-General, leads the UN Country Team. The Resident Coordinator may come from UNDP or from another agency, and UNDP has had to build a firewall between the RC and UNDP functions. UNDP was also supposed to withdraw from sectoral activities. This proposal needs further reflection and consultation with all the Agencies, so as to ensure that there is no conflict of interest and bearing in mind that the GEF Secretariat and GEF Council have encouraged a competitive environment and level playing field among the Agencies.

With regard to expanding direct access to other entities, FAO itself is a relatively new GEF Agency and has benefited from the partnership and has extended its network and technical experience and expertise to the benefit of the recipient countries and partnership. FAO has made an investment in the GEF partnership that goes well beyond the fee, and therefore, like IADB, rejects the notion that the EAs have only added costs to the system. In principle, therefore, FAO supports expanding direct access. As noted in earlier comments and as was the case for the current Executing Agencies, clear criteria should be established, such as filling a gap in GEF business needs, comparative advantage, enhancing impact of GEF projects at field level, network and infrastructure, in addition to meeting the GEF minimum fiduciary standards. FAO's view is that new agencies should be introduced progressively, as were the current Executing Agencies, until a body of experience is built up and assessed.

FAO looks forward to collaborating in the further elaboration of the ideas expressed in the policy and programming documents and the preparation of the detailed documents for further review.

## **Comments from the Inter-American Development Bank**

IADB has had the opportunity to review internally the proposed Policy Document for the 5th Replenishment. Overall, IADB fully supports the mission of the GEF as well as the concept of a strong partnership, as a principle which will guarantee the success of GEF 5. In this context, IADB would like to make reference to some important points that are reflected in the Policy document and which have raised some concerns, because these particular points give the impression of going backwards to a model that was rejected in the past by GEF beneficiary countries. We believe that we owe ourselves to the countries, which demand ownership, choices, efficiency, transparency, and results.

The Policy Document seems to define that there will be three type of agencies: (i) The Implementing Agencies, with assumed special responsibilities and benefits at the programming level, including coordinating other agencies; (ii) current executing agencies which will maintain their status for project execution only; and (iii) new executing agencies which will be coordinated by the 3 IAs. IADB does not believe that this is the right way to go. This model resembles more a monopoly or a club that can easily lead to inflated costs, lack of choices for countries; conflict of interests; and lack of transparency in decision making. Recipient countries should be asked if this is the model that they would prefer.

A model that opens up the GEF to any qualified agency should be better to the GEF in terms of costs and delivery. IADB can attest to this, since we have benefited from the direct access rule. As a new agency, IADB has put all of its infrastructure and professional staff, at all levels, at the service of the GEF. We have helped to spread the costs of doing business with the GEF and have facilitated greater movilization of resources and cofinancing. This is a big gain for the GEF, that goes beyond the fee that we have received for project cycle activities. In this sense, IADB rejects the notion of the Policy Paper that implies that new agencies have brought only additional transaction costs. I am certain that this principle applies to other EAs as well, and probably to new agencies with the capacity and infrastructure to deliver.

IADB saluted the plain-leveled field reforms that were implemented during GEF4. It will be a mistake to go against this principle, which should apply also to the most important reform under GEF which is Programming. This important process should be driven by countries in the most tranparent way with everybody involved on equal footing. The National Business Plans, if managed or coordinated by the 3 IAs, may lead to possible conflict of interests. Al other EAs will be at a dissavantage. The development of National Business Plans should have an independent and honest broker that will guarantee the principle of plain-leveled-field. The GEF SEC has a natural role in this process, working side by side with all GEF agencies.

IADB will gladly work with the GEFSEC and other Agencies in the design of the detailed reform papers, including, if it is necessary the review of the paper on comparative advantage, cost structure and others that are essential for defining an effective partnership. IADB is committed to help make GEF-5 a true success.

We will appreciate if you can post these comments in the context of the Replenishment discussions.

Best regards,

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## **Comments from the International Fund for Agricultural Development**

Overall IFAD welcomes the revised policy recommendations - it's good to see such an intensive programme of work to improve the way we provide resources and boost country ownership. We very much appreciate efforts to streamline the project cycle, so welcome the earlier deadline of proposals for PCR streamlining for end-2010 - greater use of IFAD's own programme cycle will make it much easier to boost cofinancing. We do not agree, however, that new agencies necessarily bring additional overhead and management costs (as stated in paragraph 23 page 6) - our GEF management costs are limited to 10 percent and we strictly follow GEF rules and procedures. Our future involvement with GEF will continue to focus on efficient delivery of quality projects with high cofinancing.

I look forward to discussing the modalities on broadening engagement with agencies, particularly on how we can plug into the voluntary national business plans. The challenge will be on the one hand to minimize the transaction costs for partner governments while on the other providing a level playing field for them to choose who to work with and on which programmes. The key will be to allow partner governments the maximum authority to choose how they want to prepare their voluntary business plan rather than decide it for them. It might be useful to consider what would be the principles to guide this country-level engagement, which could help to clarify the roles of the Secretariat and the IAs in facilitating the process.

Regards,

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## **Comments from United Nations Industrial Development Organisation**

UNIDO appreciates the opportunity given by the GEFSEC to provide comments to the proposed documents for the GEF-5 Replenishment. With particular reference to the proposed document on Policy Recommendations for the Fifth replenishment of the GEF Trust Fund, UNIDO, in general, believes that, based on this very document, the GEF mandate and the mission of its partnership with the Implementing and Executing Agencies are being put into a context that, if implemented based on the principles of transparency, fairness and agencies' comparative advantages, would facilitate an effective and successful operation of the system while ensuring a strong partnership. Therefore, UNIDO reaffirms its full support to GEF and its mandate and to the continuation of a strong and close partnership.

It is UNIDO's understanding that the Policy Document suggests to have three types of GEF agencies' status: (a) The three Implementing Agencies (IAs), with some special responsibilities especially at the programming level, including coordinating other agencies; (b) the current seven executing agencies (EA), which will maintain their acquired status and role for project execution with direct access; and (c) new executing agencies which will be coordinated by the three IAs.

UNIDO does not share the notion of the Policy Document that implies different status of IA and EA agencies, and also the premise that new agencies have brought only additional transaction costs. A model that enables GEF to open up to any qualified agency on the basis of comparative advantage should be in the interest of both the GEF and the member states in terms of costs and results. UNIDO can only support this also out of its own experience as one of the seven EAs.

UNIDO supports the proposal of the National Business Plans, provided that these are prepared and coordinated transparently and on an unbiased manner. We believe that the GEF SEC as the global coordinating entity for its programmes has by definition to play a lead role in this process, working side by side with all GEF agencies.

UNIDO will work with the GEFSEC and other Agencies in the design of the any detailed relevant papers to derive out of the policy recommendations, to ensure an effective partnership. UNIDO is committed to contribute to all efforts to make GEF-5 a success.

We will appreciate if these comments are posted in the context of the Replenishment discussions.