



**GLOBAL ENVIRONMENT FACILITY**  
INVESTING IN OUR PLANET

GEF/C.59/08/Rev.01

December 7, 2020

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59th GEF Council Meeting  
December 7-11, 2020  
Virtual Meeting

Agenda Item 08

## **REPORT OF THE WORKING GROUP ON GOVERNANCE**

### **Recommended Council Decision**

The Council, having considered Document GEF/C.59/08/Rev.01, Report of the Working Group on Governance, endorses the suggested recommendations of the Working Group on Governance.

The Council requests the GEF Secretariat and the Independent Evaluation Office to report to the Council on the implementation of the recommendations no later than the 60th Council Meeting.

In line with the recommendations, the Council decides to:

- 1) Receive and consider, rather than endorse, future evaluation reports and related recommendations and discuss the Management Responses and Management Action Records to evaluations in the Council before deciding to endorse them – or not.
- 2) Pilot for one year an adjusted co-chairing arrangement and to appoint the elected Chairperson from among its Members for the duration of one year instead of just one meeting, in order to facilitate a stronger involvement of the elected Chairperson in providing input into agenda, the chairing of the meeting and the meeting report.
- 3) Consider at its 61st Meeting an assessment of the pilot and proposed options for the future including but not limited to recommending to amend paragraph 18 of the Governing Instrument.

## **Background and introduction**

1. At its 54<sup>th</sup> meeting, the Council established an ad-hoc Working Group to follow up on the findings of the Sixth Comprehensive Evaluation of the GEF (OPS6) with regard to the governance of the GEF Partnership and to make recommendations for consideration by Council to further improve efficiency, accountability and transparency.
2. The Working Group would review the governance aspects of the following main matters and make recommendations:
  - (a) Efficiency of decision making
  - (b) Accountability
  - (c) Transparency in programming decisions, review criteria and selection of agencies and of projects.
  - (d) Respective roles and functions of and interaction between the GEF Assembly, GEF Council, GEF Secretariat, GEF Agencies.
3. The ad-hoc Working Group held a number of meetings on the sidelines of the Council Meetings and those included consultations in person with the range of GEF stakeholders: interested Council Members, the GEF Secretariat, the Independent Evaluation Office (IEO), most of the GEF Agencies and civil society organizations (CSOs). In addition, the Working Group has met via teleconference and videoconference on several occasions.
4. The Working Group reported orally to the Council at its 55<sup>th</sup> meeting. The Council extended the mandate of the Working Group until the end of 2020.

## **Findings of the Working Group**

5. The findings and recommendations of the Working Group (the Group) are based on the engagement with GEF stakeholders, including the GEF Secretariat, the Independent Evaluation Office, GEF Agencies, interested Council Members, and CSOs. They reflect the areas mandated for further assessment by Council.

### *Efficiency of decision-making:*

6. All consulted GEF stakeholders perceive the decision-making procedures in the GEF to be efficient. The Group therefore concludes that the decision-making procedures in the GEF are efficient and that consequently, no further improvements are deemed necessary at this time.

### *Accountability:*

7. The Group recognized that accountability challenges in the GEF are mainly related to limited disclosure and a lack of clear understandings of the roles of the various actors involved in programmatic approaches, especially the Impact Programs, and, in particular, the role of non-accredited entities. Many GEF stakeholders mentioned that it is unclear to them who is accountable to whom within Programmatic Approaches, in particular the Impact Programs.

While not negating the benefits of a multi-stakeholder approach embraced by Council, the Group believes that such accountability challenges would have to be addressed within the working group's recommendations to clarify the roles and selection criteria and process of the various actors involved in Programmatic Approaches.

*Transparency and Programming Decisions:*

8. A number of consulted GEF stakeholders highlighted challenges related to the transparency of programming decisions. They reported information constraints on the size of the GEF project pipeline (that is, on the total number of projects submitted), as well as on the status of individual project and program proposals submitted to the GEF. They also reported having limited visibility into programming decisions on medium-sized projects.

9. The Group observes that in the time between the Group's establishment and its issuance of this report, the GEF Secretariat has made substantial upgrades to its IT platform, which have enhanced the transparency of the GEF project pipeline. Of particular relevance is the GEF Portal, which the Secretariat made operational at the outset of GEF-7. The GEF Portal now supports the full lifecycle and workflow of GEF project processing, from design through implementation. As it relates to project pipeline transparency, the GEF Portal allows Agencies and Operational Focal Points to track the status of proposals submitted for review to the GEF Secretariat, as well as to track the status of approved proposals that are under preparation by the GEF Agencies and recipient countries.

10. The Group has identified that it would be beneficial to further enhance the transparency of the project pipeline and of programming decisions on medium-sized projects. As the GEF Portal is now the central platform for tracking the full lifecycle of the GEF project pipeline, the Working Group notes that these additional information requests on the project pipeline will need to reflect the capabilities of the GEF Portal, and what information can be extracted from it.

*Respective Roles and Functions:*

11. The Group noted the high importance of the independence of the IEO and the STAP, which was also highlighted by several consulted stakeholders and members of the GEF partnership. The functions of the IEO and the STAP are considered fit for purpose by the Group.

12. The *Third Professional Peer Review of the Independent Evaluation Function of the Global Environment Facility and IEO Action Plan*<sup>1</sup> recommended in its recommendation 1 that procedures should be established which ensure adequate consideration by Council to the Secretariat's Management Responses to the evaluations and recommendations of the IEO and to the Management Action Records. As part of this step, the peer review recommended that Council should only receive evaluation reports and related recommendations, while endorsing – or not – only Management Responses and Management Action. The peer review made this recommendation based on the observation that the Council does not fully exercise its role of oversight of the evaluation function by giving very limited attention to the Management Responses to evaluations and the Management Action Record tools, which are key,

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<sup>1</sup> <https://www.gefio.org/sites/default/files/ieo/council-documents/files/C58-E-inf-04.pdf>

respectively, for the adequate use of evaluations and for enhancing accountability across the organization. The peer review concluded that this not only diminishes the utility of the IEO evaluations for improving the performance of the GEF, but also appears to have occasionally exposed both the GEF Secretariat and the IEO to negotiations and compromises that may be perceived as affecting the independence and transparency of the evaluation process. The IEO itself will present revisions to the *GEF Evaluation Policy* at the 59<sup>th</sup> GEF Council Meeting, in response to the peer review, but this particular recommendation addresses a Governance issue, which cannot be addressed within the GEF Evaluation Policy. The Group therefore proposes to take this recommendation up even though it has emerged after the work of the Group was initiated. The Group supports the clarification of the roles and interaction between the IEO, the Council and the GEF Secretariat with respect to evaluation reports, Management Responses and Actions.

13. The Group noted a number of challenges between the implementing agencies and the operational focal points (OFPs) of the GEF member countries with respect to the project implementation after CEO endorsement. Several actors highlighted the need for further strengthening of the role of OFPs. To address this, the Group decided that it would be helpful, if the IEO would gather further evidence on how the OFPs' role could be strengthened and what concrete challenges exist between the implementing agencies and the OFPs with respect to the project implementation after CEO endorsement.

14. The implications of the double role of the GEF CEO as CEO and co-chair of the Council was analyzed by the IEO in the context of OPS6. The group determined that the double role of the CEO does not directly negatively affect the governance or operation of the GEF and is therefore acceptable.

15. To mitigate possible governance challenges related to the double role of the CEO as co-chair, the Group discussed several options. It identified the following action for mitigating possible governance challenges related to the double role of the GEF CEO: The Council could appoint the co-chair of the Council for the term of one year, which would allow for deeper involvement of the co-chair with the GEF Secretariat in the preparation of the agenda, the Council Meetings and the report. This would strengthen the role of the co-chair and therefore give a greater balance vis-à-vis the GEF CEO in its currently strong role as GEF Council co-chair. The GEF Legal Advisor advised that the Council could consider the pilot provided that the Council through its decision-making process agreed to it and it was for a limited time period. The pilot will allow the Council to test the co-chairing arrangement and determine if it wants to consider making a recommendation to the GEF Assembly to amend the Governing Instrument in line with paragraph 34 of the Governing Instrument.

16. The Group proposes to the Council to pilot the revised co-chairing arrangement for one year. At its 61<sup>st</sup> Meeting, the Council will assess the pilot experience and consider options for the future. Such options could include amending paragraph 18 of the GEF Governing Instrument to allow for longer terms for the co-chair. Options could also include amending paragraph 24 of the GEF Rules of Procedure to acknowledge the elected co-chair having stronger involvement in the preparation of the Council Meeting agenda.

17. Some **implementing agencies, Civil Society Organizations (CSOs)** and some members of the GEF partnership raised the concern that they are not sufficiently consulted in the

development of new policies. The Group concludes that an open consultation / call for written comments addressed to the implementing agencies, CSOs, Council Members and OFPs for each draft policy at the same time that it is presented to Council could be helpful to ensure a stronger engagement of the various actors and broader acceptance of the policies. This consultation would support the role of the CEO who convenes periodically with Implementing Agencies to promote interagency collaboration and communication (Instrument para. 23).

18. The Group raised a number of questions surrounding the many actors engaged in the programmatic approaches including implementing agencies, executing agencies and in particular non-accredited entities, while recognizing the potential benefits of programmatic approaches. The Group concluded that it would be worthwhile for the IEO to look more closely at the respective roles of implementing agencies, executing agencies and non-accredited entities when evaluating the Impact Programs.

*Working culture of the Council:*

19. The evaluation of governance matters in the context of OPS6 highlighted that other funds with a similar size and structure as the GEF are operating with several standing committees. Those committees are, among other things, tasked to prepare policy documents before the respective governing body discusses the matters. It was mentioned that the working culture of the GEF, where everything is discussed in the plenary could be perceived as inefficient, yet inclusive. The Group agrees that the current working culture of the GEF Council with very few standing committees such as the Selection and Review Committee and several Ad-Hoc Working Groups for particular issues is fit for purpose. The Group proposes not to change anything in the current working modalities and culture of the GEF.

**Recommendations of the Working Group**

20. Based on the above findings, the Working Group on Governance recommends to the Council to request the GEF Secretariat to:

1. Include overall statistics on the number of project and program proposals submitted to the GEF Portal but still pending approval for inclusion in the work program, disaggregated by focal area and strategy type (e.g., programs excluding impact programs, impact programs, non-grant instruments, Small Grants Program projects, and stand-alone projects). This information should be reported in the semi-annual Work Program Cover Note presented to the Council.
2. Provide a list of all approved medium-sized projects since the last Council Meeting as an information document to the Council for each of its meetings.
3. Present future Management Responses and Management Action Records, in following up on IEO evaluations and recommendations, to the Council for discussion and endorsement.
4. Issue an open consultation or call for written comments addressed to Agencies, CSOs, Council Members and OFPs for each draft policy before it is presented to Council to

ensure the broad involvement of actors in the development of new and revision of existing GEF policies.

21. Based on the above findings, the Working Group on Governance recommends to the Council to request the Independent Evaluation Office to:

1. Evaluate and assess the role, accountability and functions of implementing and executing agencies as well as non-accredited entities involved in Programmatic Approaches, in particular Impact Programs, in the context of its evaluation of the Impact Programs as part of OPS-7.
2. Further evaluate and assess potential transparency challenges in the programmatic approaches, in particular the Impact Programs, linked to the selection of the lead agency and their participating partners, the country and the child projects. This could also be included in the evaluation of the Impact Programs as part of OPS-7.
3. Gather further evidence on how the OFPs' role could be strengthened and what the concrete challenges between the implementing agencies and the OFPs with respect to the project implementation after CEO endorsement are.

22. Based on the above findings the Working Group on Governance recommends the Council to decide to:

1. Receive and consider, rather than endorse, future evaluation reports and related recommendations and discuss the Management Responses and Management Action Records to evaluations in the Council before deciding to endorse them – or not.
2. Pilot for one year an adjusted co-chairing arrangement and to appoint the elected Chairperson from among its Members for the duration of one year instead of just one meeting, in order to facilitate a stronger involvement of the elected Chairperson in providing input into the agenda, the chairing of the meeting and the meeting report,
3. Consider at its 61<sup>st</sup> Meeting an assessment of the pilot and proposed options for the future including but not limited to recommending to amend paragraph 18 of the Governing Instrument.