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**CONSOLIDATED GEF AGENCY COMMENTS ON JUNE 2009  
REPLENISHMENT PAPERS  
(PREPARED BY THE GEF AGENCIES)**

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**GEF/R.5/15: Draft GEF Policy, Institutional and Governance Reforms<sup>1</sup>**  
**GEF/R.5/14: Draft GEF-5 Programming Document<sup>2</sup>**

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**BACKGROUND**

1. Normally, detailed comments are provided to the GEF Secretariat during the development of Council or Replenishment papers. Since the two papers above were shared with the Agencies as near final drafts, comments are compiled here for ease of reference, as agreed with the GEF Secretariat and as was done for the March 2009 replenishment meeting in Paris. (This note should be read in conjunction with the two papers, since the text makes references to relevant paragraphs or sections of GEF/R.5/14 and GEF/R/15).
2. This note is prepared by the ten GEF Agencies, with queries, observations, and suggestions on the two above papers. These comments should be seen as a supplement to those already made in the joint Agency paper on *Issues for the Strategic Positioning of the GEF* (GEF/R.5/16), which was prepared before these two and other replenishment documents were received.
3. The GEF Agencies believe that the breadth and scope of the vision laid out in the two papers on Policy, Institutional and Governance Reforms and on GEF-5 Programming can only be fully appreciated if they are reviewed together. The full scope of the proposals is not seen by reading either document alone, as both contain elements of both programming and institutional reforms.

**THE SECRETARIAT AS A NEW IMPLEMENTING AGENCY?**

4. As laid out the papers would seem intended to transform the GEF Secretariat into an Implementing Agency on the basis that it is better to centralize financing for the global environment under one large umbrella (the GEF) rather than making use of a range of mechanisms available, each with its own particular role within the global system. The Secretariat would work directly with national government agencies, NGOs and others “accredited” by the GEF Secretariat (I34, I29) including “assessing the capacity of potential entities to implement a grant”, “undertake site visits to monitor implementation performance and verify results”, “provide inputs to improve implementation modalities”, and “undertake a mid-term and closure review” (I49). Further, the Secretariat would “provide technical assistance and deal with other capacity building needs of the entities” (I42) including providing training (I44) and define scope of programs (I65). It would also be “endowed with some legal capacity” so that it could “enter into contracts directly” and develop its own systems, rules and procedures (I97).
5. In the name of “reducing transaction costs” and “trimming overheads”, although the Secretariat budget would be increased (I127), the nature of the GEF would be transformed from one of partnership between countries, Agencies and the Secretariat, to one of competition between an increasing number of Agencies (P15). Agencies would compete to

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<sup>1</sup> I is used to refer to paragraph numbers in the Policy, Institutional and Governance Reforms paper.

<sup>2</sup> P is used to refer to paragraph numbers in the GEF-5 Programming paper.

implement GEF-financed projects identified through one or more (P126) “national plans” (I11, P19, P24). National Plans would be developed with the direct support of the GEF Secretariat (I126) and countries would “be granted \$50,000 directly from their national allocations to prepare each plan” (P125).

6. **Comment:** *Such a step would appear to have a number of major negative consequences:*

1. *It would separate the planning and programming for the global environment from the mainstream of national development planning and programming, making the global environment something apart and separate rather than something to be addressed as a fundamental part of sustainable national development.*
2. *It would shift the relationships within the multi-lateral system from partnership and collaboration around comparative advantage to competition. The sharing of information and knowledge would be dramatically reduced and the incentives to invest in policy development, mainstreaming and capacity building would disappear.*
3. *It would dramatically reduce the leverage of the GEF both in terms of its ability to raise co-financing, and its ability to mobilize the resources of thousands of specialized Agency staff and their country level infrastructure.*

7. *It would both further fragment, and significantly raise the costs of, the multilateral aid delivery system, including by adding workload to national programming. We would suggest that the more efficient solution that does not raise the costs to the multilateral aid delivery system, is to use the existing structures for delivering development support, rather than trying to duplicate them.*

#### **CENTRALIZING FINANCING FOR THE GLOBAL ENVIRONMENT UNDER ONE LARGE UMBRELLA**

8. The vision is one of a GEF many orders of magnitude larger than it is at present – tripling the current GEF budget to \$9 billion (GEF-5 replenishment paper) is considered as only “setting the stage for increasingly more robust replenishments subsequently” (P23). To manage this much larger GEF a two tier governance structure would be introduced with the “GEF Council responsible for overall governance, institutional policy and synergies among focal areas” and under it both a series of focal area “boards” “responsible for focal area strategies and programming” (P14, I6), and one or more boards for “fully independent subsidiary of the GEF” with their own “legal status and operations” (P119) with the first of these being the GEF Earth Fund.

9. The GEF Secretariat would also take on an additional role in resource mobilization (I126), raising funds from a variety of sources including additional contributions from

Contributing Participants (P17, I71), with Council deciding on investment and hedging (I95-96); reforming the burden sharing system (I81) “and opening for resources from other contributors such as the private sector” (P17), and borrowing soft loans (I, annex 1).

10. **Comment:** *A key assumption seems to be that it is better to concentrate all fund flows for the global environment under a large GEF Council “umbrella” rather than developing the key role of the GEF, and a role in which it has been highly successful, as a mechanism for achieving global environmental benefits and forging synergies between the global environmental conventions, and partnerships between all the players involved. Also, by raising resources outside the replenishment process the GEF risks competing with the fund raising of the Agencies, which in turn would lead to the expectation that the GEF provide the co-financing for programs and projects itself.*

#### **BASIS FOR REFORM**

11. **Comment:** *The Agencies welcome positive and justified reform, particularly if these measures strengthen partnerships, comparative advantages, transparency, and accountability to better serve our partner countries. The reforms proposed are far reaching and carry significant associated costs and risks. The design and approval of such reforms should be based on an objective and comprehensive analysis of the cost-effectiveness and risk of each of the alternatives. It is not clear that such analysis has been carried out. The Agencies suggest that before going further with these additional, and far-reaching, proposals for policy, institutional and governance reforms such a study should be conducted.*

12. *Also, it is not clear from the reform recommendations what is “broken”, and therefore it is difficult to assess whether the proposed remedies address what is not functioning, and whether these remedies offer to make the GEF significantly more effective and efficient than any other alternative, including the status quo. The agencies would be pleased to contribute specific proposals for improvement once the needs are better known and the fourth Overall Performance Study of the GEF (OPS-4) has been completed.*

## CONSOLIDATED GEF AGENCY COMMENTS ON JUNE 2009 REPLENISHMENT PAPERS

### INTRODUCTION

13. As in the March 2009 replenishment papers, the papers refer to “the GEF” without clarity of what is meant. In instances of background and achievements of the GEF, it seems to refer to a partnership supported by a financial mechanism, but in the discussion of the reforms it seems to refer to the “Secretariat” or “a global Trust Fund”. It should be made transparent what part of the GEF it is proposed to change. (WB, AfDB)

14. The Programming Document (paragraph 8, paragraph 21 and elsewhere) says that the GEF has a strong track record and therefore needs more funds. If it has been successful based on the current design, why the drastic changes proposed? Or, if a reform is needed because the GEF has failed, what has failed and why? The text seems to vary depending on the argument made. We therefore do not find that the paper provides sufficient analysis of the problems to address, or on advantages, disadvantages and the cost-benefit of the strategy for each proposed reform element. (WB)

15. While appreciating the inter-linkages between the two main papers submitted to the Council, we believe that including potentially controversial reform issues in a *Programming Document*, when a separate and dedicated paper, *Draft GEF Policy, Institutional and Governance Reforms*, is also being presented to Council – could unnecessarily complicate discussions and delay programming decisions. We would recommend that proposals that have implications for institutional reform be discussed in the context of the second paper only. (UNEP)

## **I. COMMENTS ON DRAFT GEF POLICY, INSTITUTIONAL AND GOVERNANCE REFORMS (GEF/R.5/15)**

16. In the absence of consultation with GEF Agencies, this paper and suggested reforms do not well reflect the GEF “Partnership” or the coordinative and collaborative role of the Secretariat as embodied in the GEF Instrument. UNEP notes that the March 2009 Replenishment Meetings called for “a clear articulation of the rationale for these reforms”; “In particular several participants requested further clarification on the issues associated with direct access and expanding the number of GEF Agencies.” UNEP believes that there are clear alternatives and options for a number of the suggested reforms and is prepared to work with GEF Partners to develop these. (UNEP)

17. IFAD considers the proposals in this paper, which must be read in conjunction with paper GEF/R.5/14 (draft GEF-5 Programming Document), as relevant and necessary to help transform the GEF into an efficient and more flexible mechanism to better meet the global environmental challenges. However, some of the proposals may not result necessarily in a more agile GEF, but rather promote complex and bureaucratic tendencies. (IFAD)

### **1. Accountability to the Conventions (para 4-7 of GEF/R.5/15)**

18. The implementation of the two-tier governance structure involves the proposed focal area boards (conventions and other stakeholders). The paper should provide better clarity on the role and structure of the proposed board and better define what is meant by “other stakeholders”. Also it is not clear what would be the role of such focal area boards in the proposed streamlined project cycle and the wider application of programmatic approaches, as well as in the new processes such as the preparation/implementation of the GEF National Plans (are those part of the board mandate for programming?). This two-tier governance structure will add an additional layer to the current system, and may result in increased bureaucracy and higher operation costs. (IFAD)

19. Two-tier governance: Council deals with overall governance, policy and relations with conventions. Focal Area boards have conventions participating and deal with issues related to focal area strategies and programming Paragraph 6. UNDP is concerned that separating the GEF’s work through separate focal area boards risks the loss of integrated approaches to generating multiple global environmental benefits. (UNDP, FAO)

### **2. Responsiveness to Recipient Countries (para 8-54)**

#### Resource Allocation and STAR

20. The new “System for Transparent Allocation of Resources” (STAR) has been proposed. This is essentially a modified RAF. Three options were considered in a paper prepared on February 27, 2009. The latest proposal in the Program Document seems however to go beyond the options considered in the February paper and propose STAR for BD, CC and LD. Group allocations and 50% rule would also be abolished. While ADB would welcome such an approach under a large replenishment scenario, the removal of group



allocation under a “business as usual replenishment” will mean rather small allocations for very many countries, which risks further marginalizing GEF in these places. It is therefore suggested that STAR (i.e. the modified RAF) options under different replenishment scenarios be considered. (ADB, WB, IADB, AfDB)

National Plans for Generating Global Environmental Benefits (para 11-12) [see also comments below on GEF-5 Programming Document]

21. The introduction of the National Plans for Generating Global Environmental Benefits, and the establishment of Steering Committees, will be challenging for some countries, especially for those that have to prepare separate national plans for natural resources, climate change, chemicals, adaptation and environment generally. Priorities already set in UNCCD NAP, CBD NBSAP and UNFCCC communications should be included, to avoid tedious and costly work. (IFAD, FAO, AfDB: Specifically for African countries)

22. With respect to the introduction of “GEF National Plans”, countries already engage in developing such plans through their responsiveness to Convention processes, UNDAF, CAS, and other programming modalities. Global environment programming should be rooted in Convention related-country driven plans, not separate potentially duplicative “GEF” plans. The Agencies have proposed a more innovative alternative that integrates GEF programming into existing processes. (UNEP, AfDB)

23. Any such exercise must somehow be coordinated with PRSPs or the UNDAF process or other development planning mechanism the country has – otherwise incrementally cannot be assured. Countries could provide to the GEF plans already prepared but only if they have been prepared through a participatory and consultative process. It is absolutely critical that other relevant government entities be involved otherwise the effectiveness of such plans will be doubtful. (UNIDO)

24. UNDP is concerned about the implications of separating environment programming from the mainstream of development planning (Paragraph 11). (UNDP)

Broaden Engagement with Agencies (para 13-27)

25. This section gives a long descriptive history of GEF Agencies while it provides very short suggestions and option to broaden agencies’ engagement. The section over-highlights the competition among GEF Agencies which may lead in some cases to higher transaction costs and not necessarily to better efficiency. (IFAD)

26. The paper does not provide concrete proposals for incentives for greater Agency involvement (notably in leading programmatic approaches). (IFAD)

27. The paper does not cover if and how the GEF can broaden engagement with the Agencies in any qualitative or substantive way, or broaden engagement in consultative processes. The proposal confuses competition and comparative advantages, which are mutually exclusive. There is no evidence that “broadening of access will further the

competitive spirit and drive for cost-effectiveness within the GEF partnership” (paragraph 24); in fact the potentially negative aspects of extensive competition has been highlighted many times (including by the Secretariat in the Programming Paper). (WB)

28. “[Expansion] has also introduced an element of competition by allowing the GEF Secretariat to work with the agency with the greatest competitive advantage, which in turn drives towards cost-effectiveness among participating Agencies.” (paragraph 20) This statement doesn’t seem to fit actual experience. To our knowledge, the GEF Secretariat has never chosen competitively between Agencies. That would require the GEF Secretariat to ask for bids, which it has never done – or ask Agencies to submit two PIFs for the same concept (also, it was UNIDO’s understanding that it was the countries who chose the Agencies they want to work with). (UNIDO)

29. In paragraph 22, it is stated that “The GEF experience with the *Policy of Expanded Opportunities* is that it has added value to the network by including agencies with different strengths and capabilities that operate in a complementary manner.” In paragraph 24, it is stated that “Moreover, to provide greater selection of appropriate and relevant partners in support of enhanced country ownership of GEF-financed projects, it is important to consider introducing more agencies to the GEF partnership. This broadening of access will further the competitive spirit and drive for cost-effectiveness within the GEF partnership”. UNIDO sees an inherent contradiction here. If the 7 Executing Agencies were brought in because they were complementary, there cannot have also been competition. If UNIDO is complementary to the other Agencies it is not competing with those Agencies. Competition can only arise where different Agencies can offer the same services – but then they are not complementary. (UNIDO)

30. Also, UNIDO does not see how bringing in more Agencies drives cost-effectiveness. That can only happen if Agencies compete head-to-head on price: i.e., they submit bids to a country to do the same project. To UNIDO’s knowledge, this has never been the case. (UNIDO) (If so, the GEF should also update the GEF comparative advantage policy paper to reflect such concerns, AfDB.)

31. The proposed abolishing of the GEF Agency flat fees has no clear basis or justification and will lead to a competition on the basis of “less expensive to the GEF” rather than on “which agency could better serve the country on a specific theme of project”. If fees are to be established on a project by project basis – then a minimum should be guaranteed to Agencies. Agencies are not currently recovering all costs from the 10 % flat fees (especially when they lead a programmatic approach). (IFAD)

32. “Alternatively [to flat fees], the GEF Council could choose to return to the practice of negotiating Agency fees project by project, which would also serve to set the more efficient agencies apart from the others” (paragraph 21). UNIDO believes that there are other options, which also have been used in the past. (UNIDO)

33. The pros and cons of various fee structures have been reviewed in-depth at the request of the GEF Council on several occasions, most recently in June 2005, in a

consultative and inclusive approach. Modifications proposed to the existing structure should likewise be undertaken in a participatory manner, taking into account the full cost of providing project management services throughout the project lifecycle, among other things, with a thorough analysis of options for recovering such costs. (FAO)

Pilot Direct Access (para 28-53)

34. The paper outlines some criteria for the selection of “GEF accredited entities” but is rather silent on the selection of countries (how many, which countries/region, which criteria to use for the identification of the pilots etc). (IFAD)

35. The process for direct access seems burdensome (identification of national entity and accreditation of entity; launching of pilot process; training, etc), and may take longer than the proposed two-year pilot period. It will be also very demanding for the GEF Secretariat in time and resources. (IFAD)

36. The section on proposal on direct access has a number of inconsistencies and it is therefore not clear how the pilot would function. (WB, IADB)

37. As per the inter-Agency paper, the Agencies have existing mechanisms for planning and coordination at the country level that involves national stakeholders and the donor community. The proposal that the GEF Secretariat would hire additional consultants to help countries gain **direct access** is not fully in synch with the opportunity to integrate GEF into existing national planning processes, nor is there any evidence that additional hiring would enhance access. One system that GEF might want to build on is UNEP’s system of “Regional Advisors” (through the Biosafety programme), whereby UNEP has offered on-call technical experts as services to countries. UNEP has been asked by the Adaptation Fund Board to present its experiences with the Regional Advisory system, and such a system will have much greater impact when it is linked to ongoing regular activities and support from the Agencies (such as the inter-agency Global Adaptation Network led by UNEP). (UNEP)

38. **Scope.** Clarification is requested on the scope of the pilot, in several respects: (WB)

- It is envisaged that “projects in which there is very little procurement will be eligible for the direct access pilot”; (paragraph 33), yet “The review of the nominated GEF Accredited Entity shall include an assessment of its ability to undertake procurement” (Paragraph 38), and “the Secretariat shall present a full report [...] on Accredited Entities’ experience in [...] procurement (paragraph 51). While we understand the proposal behind ‘very little procurement’, though this is not defined, it is not consistent with the obvious intent to undertake procurement, nor with the requirement to comply with the GEF fiduciary standards that cover this aspect. Is there a minimum amount of funds that GEFSEC has decided that fiduciary standards do not apply?
- “It is proposed that GEF projects in which there is very little procurement will be eligible for the direct access pilot” (paragraph 33). UNIDO does not understand

why direct access for Accredited Entities should be limited to projects with little procurement. A key element of the fiduciary standards is that procurement can be undertaken to an internationally acceptable standard. Since all these entities would need to meet the fiduciary standards (see paragraph 34 below) UNIDO does not understand why they would then be disbarred from projects requiring procurement. (UNIDO)

- Paragraph 33. Direct Access is limited to projects with “little procurement” ... “projects to change legal, institutional and fiscal policies for the creation of an enabling environment”. In UNDP’s experience “little procurement” and “projects to change legal, institutional and fiscal policies” are not necessarily synonymous. (UNDP)
- In the list of eligible projects (paragraph 33), there seems to be an overlap between (i), (ii) and (v), as preparation of national communications; and reporting to the conventions is normally undertaken by enabling activities. Or is it implied that the former can also be FSP or MSP, i.e. there is no financial cap on the pilot projects? Project type (iv) projects ‘to change legal, institutional and fiscal policies for the creation of an enabling environment’ could certainly include relatively large FSPs, as these activities are ambitious and normally beyond an EA.
- Further, paragraph 34 says ‘These entities will also bear the full responsibility for the overall management of the GEF-financed projects and programs under their responsibility,’ which implies that they can implement *programs* as well, which inconsistent with paragraph 33.

39. **Eligible entities.** We suggest clarifying what type of entities will be eligible for the pilot. The paper indicates that they can be “government agencies, regional organizations or other national institutions” para 34; International NGOs and/or foundations (paragraph 47); national NGOs (para 4 8), and “international NGOs, community organizations, etc.”, and ‘additional, non-traditional organizations’ (paragraph 29). This disparate group would have very different approaches and capacities to manage the scope of projects proposed, and this is likely to make assessment of fiduciary standards more complex. This broad eligibility may not be realistic when ‘only one entity per country’ (paragraph 34) would be selected. (WB, IADB, AfDB)

40. Paragraph 29. “granting direct access to other types of entities such as international NGOs, community organizations, etc” ..... that “meets the fiduciary standards” (Paragraph 36.). It would be helpful to clarify what the differences are between the current Agencies and an “accredited entity”. (UNDP)

41. **GEF Secretariat role.** There are numerous new functions attributed to the Secretariat under the pilot. We are concerned both in terms of workload and budgetary and staffing implications, as well as conflict of interest in undertaking many of these functions. The functions range from “make arrangements for all financial, monitoring and reporting responsibilities to be handled; administer the accreditation process and will be responsible for

the selection, terms and conditions of the provision of services by the auditor; handle all the planning, organize consultations, and provide technical assistance and deal with other capacity building needs of the entities; Launch and consultations with countries and potential entities; preparation of guidelines, developing accreditation procedures and rules and procedures governing the piloting and execution modalities, ensure technical assistance is available through a pool of consultants, develop a performance management and supervisory system to review and supervise the performance of GEF Accredited Entities; several monitoring and evaluation tasks including site visits to monitor implementation performance and verify results. (WB)

42. **Accreditation process and criteria.** The process - as presented - is not fully consistent. (WB, IADB)

- First there will be consultation with the countries and entities by the GEF Secretariat; then after nomination by the National Committee, the Secretariat will conduct an upstream review to assess the potential entities capacity to implement the grant, prior to the formal accreditation process (or is this *of all potential* entities in each country, e.g. before the nomination?); then independent assessment of fiduciary standards and Council decision? If the entities have been accredited, why then would consultants be necessary for them to undertake the work?
- There will be “Once the GEF Accredited Entities have been selected, [...] formal training sessions need to be organized on the basis of a capacity needs assessment of the entities early in the process” (paragraph 44) and ‘technical assistance is available to the Accredited Entities throughout the pilot’. Are the training sessions *after* their selection, but before assessment/decision? Or after the Council decision? If so, how will the compliance with the minimum fiduciary standards be addressed? What is involved in ‘Work with the Trustee to conduct ad-hoc assignments to support due-diligence requirements’?”

43. **Evaluation.** The M&E arrangements are not clear or consistent: (WB)

- Paragraph 32 says “At which point, there will be a mid-term review by the GEF Evaluation Office and a reassessment by Council on how to move forward”. This is in contradiction to paragraphs 35 (“The Secretariat will present an assessment of the pilot for Council consideration in mid-2012 and a full report at the end of GEF-5”; paragraph 49d: the Secretariat will “undertake a mid-term and closure review” and 51: “At the end of the pilot period, the Secretariat shall present to Council a full report on the results of the pilot phase.”). Given the heavy Secretariat involvement in implementation and monitoring, we think appropriate that the independent EO undertakes the mid-term and final evaluation.
- We note the requirement that for ‘all projects under implementation during the pilot phase, the GEF Accredited Entities will submit annual project status reports to the Secretariat at the completion of each fiscal year. The status reports will be based on current documentation template.’ (paragraph 52). The templates currently vary

among Agencies, which will be used? And what will the Secretariat do with the received reports?

- Paragraph 53 indicates a new function of conduct of *project* evaluation the GEF EO by “All completed projects implemented in the pilot phase will be subject to terminal evaluation *by the Evaluation Office*.” What are the workload and budgetary implications of this? How will it affect the rest of the EO work program?

44. “Introducing direct access in the GEF would also deepen the concept of the GEF as a global partnership by embracing agencies, NGOs and countries as partners.” (paragraph 31). UNIDO feels it should point out that the partnership in this case would be of a completely different nature: that between an entity having funds to disburse and entities wishing to receive those funds. The latter would not have any say in the policy and strategic decisions behind the funds, which is a core element of the current GEF strategy. (UNIDO)

45. Paragraph 28. Direct Access “countries ... find the intervening roles of the Agencies a burden rather than a benefit”. It is not clear whether the issue is direct access to the GEF resources or direct access to the GEF Secretariat. (UNDP)

46. Second sentence in Paragraph 28 should be rephrased – the paper should avoid qualifying the intervening roles of the Agencies as “burden” rather than a benefit for countries. (IFAD)

47. Paragraph 31. “The GEF simply cannot continue to function as an operating entity of the financial mechanism for the UNFCCC...if it is denied the potential to evolve...” “The GEF has to have, like other bilateral and multilateral financial mechanism, the capacity to provide direct access to qualified entities in recipient countries”. UNDP suggests that the issue of “should the GEF become like other bilateral and multilateral financial mechanism” be elaborated further in the next iteration of this paper. (UNDP)

48. “The Secretariat will provide implementation oversight and support for accredited entities” (Paragraph 49). Again, UNDP suggests that this issue be elaborated further in the next iteration of this paper, particularly in view of its implications for corporate costs. (UNDP)

### **3. Resources for Results – Improving Effectiveness and Efficiency**

#### Streamlining the Project Cycle and Programmatic Approaches (para 58-66)

49. Many proposed reforms appear to fully duplicate Agency procedures, with no clear rationale for added cost and value. Proposed simplification of the GEF project cycle cedes many Council owned due diligence and decision steps without having fully explored substantive potential for mainstreaming or alignment with Agency project cycles as alternatives. (UNEP, AfDB)

50. Options 2 and 3 (Medium and high degree of delegation of authority) that are proposed to strengthen the programmatic approaches are overriding the role of GEF Council in reviewing and approving FSPs. In the shift towards the programmatic approaches and the likely increase of the MSP amount from US\$ 1 to 3 million, GEF Council will have a very limited view/authority on the approval of GEF proposals. Option 3 and 2 seem to contradict paragraph 65 (page 12). (IFAD)

51. The paper could indicate more clearly incentives for agencies to lead programmatic approaches (at least for cost recovery), e.g. higher fees allocation (based on negotiations). (IFAD, IADB)

52. The assessment of the cycle as presented in paragraph 60 is accurate. However, the proposed reforms seem to overestimate the success of the programmatic approaches and therefore also the ambition to bring much, if not all, of GEF programming under such programmatic approaches. (WB)

53. GEF Secretariat proposes to lead the design of programmatic approaches and to choose the lead agency. This proposal does not take up important issues identified in the Mid Term Review of the Resource Allocation Framework (MTR RAF) with respect to the handling of programmatic approaches in GEF-4.<sup>3</sup> UNEP suggests that reforms to programmatic approaches in GEF-5 should be based on the findings of the MTR RAF, and the proposed Inter-Agency evaluation of Programmatic Approaches (in order to be effective, the latter should be carried out by 3<sup>rd</sup> quarter of 2009 – we encourage the GEF Secretariat to include the costs of this evaluation in the Corporate Budget). The roles of the GEF Council, STAP and Agencies in this proposed reform, if any, is unclear, and we foresee a duplication between the proposed role for the GEF Secretariat and the GEF Agencies. (UNEP)

54. We do not agree with the proposal that the Secretariat will assume a design role in programmatic approaches, in that “The CEO and the Secretariat will take the lead, working with recipient countries to define the overall scope of the program and to identify the GEF Lead Agency” – and then subsequently the GEF Lead Agency will coordinate the preparation work. This would take away the opportunity to fully integrate these programs in the development strategies developed between the countries and the Agencies and would reduce the leveraging that Agencies could normally undertake. The experience so far clearly shows that all partners must be involved from the beginning (RAF MTR) to avoid misunderstandings and subsequent delays. There is no motivation to lead preparation work where there has been no involvement in identifying the overall scope. Any expansion of programmatic approaches should be based on lessons so far, in terms of cost-benefit, incentives, cost and cost recovery, etc. (WB, FAO)

55. While the Bank welcomes the option 3 in paragraph 66, which would expedite project approvals for us, it is still to be preceded by a two-step GEF approval process for the PFD. The same is the case for FSPs and increased MSP (USD 3 million). Realistically this may not suffice to meet countries’ expectations on the speed of access to funds from the GEF. There

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<sup>3</sup> See pages 36-37: [http://www.thegef.org/uploadedFiles/Evaluation\\_Office/RAF/RAF\\_MTR-TECH\\_Paper\\_4.pdf](http://www.thegef.org/uploadedFiles/Evaluation_Office/RAF/RAF_MTR-TECH_Paper_4.pdf)

is as well a need to look at the requirements for each step in the project cycle, and ideally further simplification of steps. How, for example, would the proposed country programming bring any lightening of subsequent project development steps? (WB)

56. “To further streamline the project cycle, it is proposed that the approval of full-sized projects (FSPs) be simplified by reducing Council involvement to one step (approval of the Project Information Form (PIF) as part of a Work Program) and delegating the endorsement of the full project document to the CEO.” (paragraph 62)

57. “Medium-sized projects (MSPs) are already processed under the delegated authority of the CEO. For reasons of cost-effectiveness and reduce transaction costs, it is proposed that the GEF amount for MSPs be increased from \$1 million to \$3 million” (paragraph 63). Since all are in agreement that in practice there is really little difference between the effort required for an MSP and an FSP, neither of these changes (bringing bring the FSP process much more in line with the MSP process; turning more FSPs into MSPs) are likely to make much of a difference. (UNIDO). To really streamline the project cycle, more drastic changes than this are going to have to be made. (UNIDO)

58. “To truly expedite the GEF project cycle for PAs while at the same time upholding the fiduciary responsibility of project/program oversight, the approval process of a PA can be classified into the following degrees of delegation of authority for approval of projects under the program: ...**(c) High:** When a program is submitted by one or more of the GEF Agencies that are multilateral development banks where an executive board approves their programs and projects, delegated authority of project approval under the program is given to the GEF Agency. Neither the CEO nor the Council will be involved in this approval process. The entire set-aside for the program is disbursed to the GEF Agency” (paragraph 66). UNIDO fails to understand why only the MDBs can get this privilege. What is wrong with UNIDO’s program/project approval committee? (UNIDO)

59. Paragraph 62. The project cycle is to be further streamlined by reducing Council involvement to one step – “delegating the endorsement of a full project document to the CEO”. UNDP fully supports the further streamlining of the project cycle. However, the agency experience with MSP’s, whose process is referred to in paragraph 63, is that it is little different in terms of time and labour than an FSP, suggesting that it is not Council review that is the problem. As suggested in the joint Agency paper on Strategic Issues for the Replenishment, having the GEF simply use the existing project cycles of the Agencies might be a more effective step. (UNDP)

#### Expanded Role of the GEF Secretariat (para 108-110)

60. UNEP has serious concerns with the vision expressed by the paper on expanding the role of the GEF Secretariat – the GEF Secretariat should be constantly aware of a potential conflict of interest in designing projects and programmes, and approving and monitoring them. Monitoring should be at the portfolio level and focusing on results and impacts, not duplicative management at the project level. With respect to the Secretariat managing and administering corporate programmes such as the Country Support Programme, we find no



evidence as to why the current arrangement (with UNDP and UNEP) needs changing. (UNEP)

61. The role of the GEF Secretariat vis-a-vis the focal area boards is unclear. (IFAD, IADB)

62. “The role of the Secretariat is expected to expand in line with the reform agenda outlined in this document and the programming approach outlined in GEF/R.5/\_\_\_\_. The additional roles, at a minimum are: (a) Engagement with recipient countries to prepare GEF National Plans; (b) Management of the Country Support Program;” (para. 109). To UNIDO it seems that it would be very difficult for the GEF Secretariat to undertake both these tasks without a significant in-country presence. For instance, on GEF National Plans, the GEF Secretariat cannot possibly engage very deeply with all of the recipient countries if it is based in Washington. At best, it can go on a few days’ mission to each country. But for the engagement to be effective it has to be much longer-term than that. Similarly, it will be difficult for the GEF to manage the CSP effectively from Washington. (UNIDO)

63. “A restructured GEF would have a significant impact on both the volume and type of work for the Secretariat” (Paragraph 125); “Role of the Secretariat to expand to include: (a) Engagement with recipient countries to prepare GEF National Plans; (d) Developing resource mobilization capacity to raise funding from a variety of sources.” (Paragraph 126); and “An appropriate provision [i.e. increase] for the corporate budget is made in the Draft GEF-5 Programming Document” (Paragraph 127). The role of the GEF Secretariat would seem to be being expanded to add a number of functions which are currently undertaken by the Agencies. This will lead to overlap, and, as laid out in paragraph 127, increased corporate costs. (UNDP)

#### Results-based Management and Performance Monitoring (para 56-57 and 67-70)

64. The proposal that the GEF Secretariat would develop a performance management and supervisory system to review and supervise the performance of GEF Accredited Entities, would duplicate the current role of the GEF Trustee, and result in additional transaction costs to the system. (UNEP)

65. We welcome partnership efforts to strengthen RBM. However, the document does not present a clear and consistent vision of this, and contradicts RBM proposals in the GEF Programming paper (see our comments on that paper). We suggest clarification on “performance monitoring at the program level” (paragraph 67, 68 etc.), without clarification of what is meant by a ‘program’ in this context. “The project results framework will need to clarify what this project will contribute to the program objective (paragraph 68)” seem to refer to programmatic approaches only. Or each focal area? In paragraph 69, “portfolio and program implementation progress “implies that these differ. As the GEF Secretariat is tasked to ensure monitoring at the portfolio level, it may be useful to refer to how *portfolio* monitoring will be done. (WB)

66. We do not believe that the Secretariat should require that “All projects and programs should plan for a mid-term review” (paragraph 70), which is a change of the M&E Policy, and not in line with internationally best practices on M&E, and not consistent with the GEF-5 Programming Document. The need for a fully independent mid-term review depends on the complexity of the project, its context, its duration and other M&E arrangements. How would the requirement for mid-term evaluation of *programs* be funded, as the lead Agency currently receives no budget for the preparation or implementation of programmatic approaches? The requirement for programs, depending on delegation of authority to the GEF Lead Agency, is also not consistent in term of requirements of independence of “internal independent evaluation staff” or “an independent Mid-term Evaluation”. (WB)

67. Paragraph 70. “All projects and programs will undertake a mid-term review. The agencies will be required to conduct these.” UNDP already requires its GEF supported projects and programmes over 3 years in duration to conduct independent Mid-term Evaluations. UNDP is concerned that moving responsibility for evaluations from the countries, who currently own the projects and programmes, to the Agencies, would reduce country ownership. (UNDP). Since Most GEF projects are blended with baseline projects, it should be left to agency to follow their own procedures for such evaluations (AfDB).

#### **4. Institutional and Legal Reform**

68. We take exception to the language in this section with regard to the relationship with the World Bank, including loose allegations of a “clear and growing potential for conflict of interest”, without supporting evidence. We are not aware of “differences of opinion over the exact legal status of the GEF, since 1994”; this discussion has been launched by the Secretariat over the last year. Given the repercussions of the proposed recommendations by the Secretariat, the issue of the GEF Secretariat relationship with the World Bank will be subject to a separate discussion and are not addressed in these comments. (WB)

69. The GEF Secretariat states that it cannot use the WB legal advice as that would constitute a conflict of interest. UNEP is puzzled by the implied mistrust of the impartiality of the WB legal department and the WB as Trustee. Other similar global funds (e.g. MLF) rely on the rules and procedures and services of their hosting institution and no question of conflict of interest has ever been raised or implied by their governing bodies. UNEP believes that the GEF Council should conduct a comprehensive review of the accountability framework of the GEF as a whole, prior to taking any steps that would simplify or diminish the due diligence processes already existing in the system. (UNEP)

#### Proposals on UNEP’s role in the GEF

70. The vision for UNEP spelled out by the GEF Secretariat drafted section of the Reforms paper has certain elements that UNEP would not disagree with, but it does constrain UNEP to a rather limited role. UNEP’s independent submission of a Replenishment Inf. Paper on its special role sets out a clear and comprehensive vision, for Council consideration. This vision is in harmony with the views of the 10 Agencies on the future of the GEF. (UNEP)

71. UNEP agrees that UNEP's normative role is important, and this can be brought to bear in providing system-wide support to the GEF as a whole. UNEP has a strong role in helping countries meet their obligations to the conventions, in capacity building at all levels, and for global and regional activities. UNEP engages extensively in global policy and outreach through its regular programme as well as its GEF portfolio. UNEP is supportive of reaffirming these existing roles. However, UNEP is concerned with a few, perhaps unintended, implications of the proposed views of the GEF Secretariat:

1. The paper incorrectly infers that UNEP has no capacity at the ground level, and that this will result in a drawback in the context of RAF. The paper suggests that UNEP should refrain from working at the country level and thereby "rise above the competition". UNEP's Governing Council has endorsed its role in providing assistance to countries within its areas of comparative advantage, and where relevant in collaboration with UNDP and other "resident agencies". However, more fundamentally, UNEP believes that the GEF should have modalities that promote inter-agency cooperation, not competition, since it is public funding that is being used, not private. Cost effectiveness can be arrived at in more effective ways than through a competitive process that strains international cooperation. UNEP would seek a system that allows a country-driven process. (UNEP)
2. While appreciating the conferral on UNEP of a "special status" (given its unique mandate on the global environment agenda), the paper confines UNEP to a limited scope of engagement with the GEF and reduces UNEP efforts to foster collaboration with other Agencies and mainstream environment. UNEP shares the GEF Agencies views that Partnership is at the core of the GEF's success. (UNEP)
3. The vision proposed may have certain legal implications, especially if GEF funding were to be used by UNEP to implement its own Programme of Work (PoW) as suggested by the GEF Secretariat, rather than help countries access GEF funding and remain complementary to the PoW. These proposals also raise questions on whether "regular assessments of UNEP's work" would be duplicative of the current Project Implementation Reports (PIRs) and monitoring and evaluation processes of the GEF, as well as of its own Governing Council. (UNEP)

72. **Appendix 1.** It is proposed that the Implementing Agencies should no longer be involved in appointment and reappointment of the CEO in that there is a conflict of interest because "at times staff of the Agencies is nominated", requiring a change in the Instrument (reforms proposed in GEF/C.35/9, *Recommendations concerning certain appointment, reappointment and performance objective reviews processes*). There is no evidence of conflict of interest - for example, the appointment of the current CEO (a former UNEP employee) has coincided with a drop in the portfolio of UNEP not an increase - and therefore we do not see the basis for suggesting such a change. The Agencies provide impartial services to the Council in the management of the GEF as mandated within their competencies.

## II. COMMENTS ON DRAFT GEF-5 PROGRAMMING DOCUMENT (GEF/R.5/14)

### Transformational Scaling up of Activities (para 21-24)

73. UNEP supports a strong strategy on transformation scale up of activities and a strong replenishment for GEF-5. UNEP suggests that the “approach” section (paragraph 24) for transformational scaling up be re-organized with a view towards increased coordination and coherency. A coordinated and more effective approach to defining transformational scaling up of activities would be founded on inter-agency consultation, strategizing and agreement. Prioritized recommendations should be cross-referenced and rationalized with other key strategic GEF documents (e.g. STAP guidance, Focal Area Strategies). (UNEP)

74. Incentives for Transformative Programs in Sustainable Forest Management. Paragraphs 24b and 94-95 propose an exclusion from the STAR to be used as an “incentive mechanism for countries to choose programmatic approaches...to trigger transformational change changes in the agricultural and forest sectors”. The basis and criteria for approving the additional resources used through the incentives schemes is however not clear and should be clarified to ensure transparency and consistent programming of resources. (ADB, UNDP, WB, FAO)

### **1. Focal Area Strategies (para 25 onwards)**

75. On balance the proposed goals and strategic objectives proposed in the GEF-5 programming document build on GEF-4, incorporate major guidance from the conventions, and represent a strategic scaling up of interventions. Many of the strategic goals presented in the paper are however quite general and may require further specification. As the financial mechanisms for a number of Multilateral Environment Agreements (MEAs), reference to the strategic goals of the MEAs should also be incorporated. There is also some conceptual confusion within the results framework, with impacts, outcomes and outputs occasionally confused. Further work is therefore needed to clarify the results framework. (ADB, WB, IADB, AfDB)

76. The document proposes four GEF **strategic goals** (paragraph 29). It seems to UNIDO that the strategic goals are written far too generically. For instance, by just working on POPs, ODSs, and possible other PTSa, there is no way that GEF can claim to meet strategic goal 1.3 “Eliminate chemicals that affect the health of humans and global environments”. Since the GEF is attached closely to certain specific MEAs, and since it is being proposed to make that attachment ever more explicit, it would seem more sensible for the GEF to adopt the strategic goals of these MEAs, together with something for water. (UNIDO)

77. *Strategic goals 1-3 are articulated as goals. Goal 4 “Build national and regional capacities and enabling conditions for global environmental protection and sustainable development” is a means to goals 1 through 3. This is likely to cause complications in reporting.* (UNDP)

78. The document proposes a series of **results framework** for each focal area. It seems to UNIDO that there is considerable conceptual confusion in these frameworks – outputs are routinely listed as outcomes, some outputs clearly should be listed as impacts, in one set of results what are listed as outputs are really indicators, and so on. It is extremely important that these frameworks be clear because they must become the basis of the logframes of all the programs and projects. If there is confusion at this level, it is likely to lead to confusion in program and project design. (UNIDO)

79. There is considerable overlap between different goals in different focal areas, especially for transversal issues. For example, support related to forests feature in biodiversity protected areas; climate change objective 5, land degradation objective 2, the adaptation framework, and the dedicated SFM. The wish to reflect and mainstream cross-cutting issues in each strategy is commendable, but when they feature in several areas, there is a high risk that criteria for project eligibility and fund availability become unclear, and consequently create barriers for access to funds by countries. We would recommend for such issues to either keep them in one place, or establish clearer criteria what falls under each focal area (with explicit cross-reference to other related goals). (WB)

80. Another example requiring clarification is adaptation. What will be covered in terms of adaptation in the ‘regular’ focal area priorities (with many references in the programming document), and what will be covered by LDCF/SCCF (covered by GEF/R5/12)? The RBM framework for adaptation (Objective 2) is not realistic in that its purpose is general mainstreaming of adaptation in Agency programming (not funding eligibility). How would a GEF project under LDCF/SCCF lead to “Relevant frameworks (UNDAF, PRSP) that include adaptation measures and budget allocations?” (WB)

81. FAO has provided detailed comments on the GEF focal area strategies for biodiversity, land degradation and international waters which should presumably be available to the TAGs and on the GEF website. (FAO)

#### Integration of Programming (para 30 onwards)

82. Further to STAP commentary, UNEP supports the need for an integrated approach in GEF-5 Programming. We believe the Programming Document could be strengthened significantly in improving connectivity between proposed GEF Strategic Goals and an overarching global intervention strategy. (UNEP)

83. Integrated approach to global environmental goods (Paragraphs 30 to 42, seem to position the GEF as other development agencies, re-inventing the need to get development/poverty/growth and environment go hand-in-hand. If "the GEF" is understood as simply being a trust fund, then saying that the GEF is "well positioned etc..." (see paragraph 40) is not correct. This section does not mention once the concept of incremental costs on which the entire concept of the GEF is underpinned. (WB)

## Global and Regional Exclusions (GRE)

84. The Agencies propose that the GEF Secretariat should develop criteria, in consultation with GEF Agencies and STAP, together with a participatory and transparent process, to prioritize programming of proposed exclusion funds per focal area under GEF-5, for consideration by Council in November 2009.

85. A GRE system is proposed to support one or more specific initiatives currently under consideration, including a Program of Work on Protected Areas for a limited number of mega-diverse countries. The paper indicates that the initiatives would be selected based on a number of criteria, which are only very generally considered. ADB would like to request GEF Secretariat to clarify how such criteria will be applied in practice. In addition, there are a number of questions regarding how other proposed initiatives might be proposed for consideration within the Program of Work – How will these decisions be made and by who? GEF Secretariat or the Council? Would the initiatives be implemented through a programmatic approach? Clarity on these issues is sought. (ADB)

86. The acronym Global and Regional Set-Aside Funds (GRS) is used inconsistently with GRE elsewhere in the document (and is only referenced in the BD not in CC section). According to the MTR RAF, “*Guidance and transparency on global and regional programming have not been adequate*”. Furthermore, the creation of additional sub-Funds within the GEF Trust Fund will likely exacerbate confusion and increase complexities in programming and processing. UNEP would suggest that this situation could be improved for GEF-5, with transparent criteria and a process being jointly agreed before programming decisions take place. UNEP believes it could help develop the rules, procedures and priorities for programming this set-aside. (UNEP)

87. The treatment of the global and regional exclusion in the document is inconsistent and incomplete. We suggest that the Council/Replenishment consider a specific strategy document related to the use of GRE funds. For example, global and regional programming is mentioned in the strategies under biodiversity and land degradation, but not in the other focal areas, though they are important for global and regional issues. (WB, FAO)

88. One proposed strategy is to use GRE funds as ‘incentives’ to countries - for SFM (paragraph 24) and biodiversity, for M&E (para48), land degradation (paragraph 75), SFM/LULUCF (paragraphs 93-92), and non-grant instruments (annex 1). The experience with “topping-up” country allocations with GRE under GEF-4 was mixed, with implications for transparency and for the nature of the global and regional exclusion. It does not consider other incentives elements than monetary. The balance between the “incentive windows” and the “traditional” global/regional projects that address transboundary, cross-cutting issues and projects of global scope, should be addressed. The criteria (in paragraphs 48 and 75) do not seem to distinguish between the nature of such global and regional projects and regular country projects. (WB)

89. Without clear criteria, the funds appear as a pot of money for discretionary allocations depending on needs - a kind of super-contingency funds. We seek clarification on the extent

of use of GRE funds in mega diverse countries (paragraph 49), for which it seems that “GRE funds would only be used to complement a significant national contribution from the country’s individual allocation” while recognizing that in general these countries received high RAF allocations under GEF-4. (WB) How will “significant commitment” be measured?

#### Technology Transfer for GHG Mitigation

90. Paragraph 58 indicates that a dual approach would be taken with respect to technology transfer. In large countries and emerging economies with strong technical capacity and market potential, emphasis will be placed on market demonstration and commercialization of new, emerging technologies. In small, low-income countries, GEF support will focus on deployment and diffusion of commercially available technologies through investment, building local capacity, and technology cooperation. While this approach is considered to have practical merit, clarity is needed regarding the basis for categorizing countries and appropriate technologies for supported. With likely market changes and the emergence of new technologies during the period of GEF-5, some flexibility will be needed in focusing and catalyzing technology investments. (ADB)

#### Carbon Markets

91. Paragraph 59 indicates that GEF-5 will pursue financing of innovative projects, with credits to be retained in the recipient country for further project replication. The paper does not however identify the process or mechanisms that will be used to link credits to future project replication. Will GEF retain the credits for future application or will they be retained by the countries? (ADB, IADB)

92. Paragraph 59 indicates that “The GEF is uniquely positioned to expand its engagement in the carbon markets given its extensive network of partner institutions”. This is, however, not a matter of expanding engagement, as the GEF has explicitly not funded carbon market initiatives previously, as this aspect was indeed covered by the partner Agencies’ regular activities. As a new area of work for the GEF, further discussion would be needed. The proposed options to be explored by the GEF are relatively generic. (WB) The paper should include further clarification regarding the process, mechanism, and type of eligible projects. (AfDB)

#### International Waters

93. Paragraph 63 indicates that actions under the IW focal area will be catalyzed by regional projects rather than national projects. While the merit of regional approaches within the IW focal area is clearly important, critical interventions at the national level will still be important. For example, where management of transboundary watersheds is dominated by an upstream nation, interventions to improve the sustainability of water resource management will clearly be needed. A clear strategy for prioritizing regional investments is therefore needed to ensure transparency and the overall strategic effectiveness of the focal area. (ADB)

## Chemicals Program

94. Objective 4 under the Chemicals Program indicates that outputs for the following will only be pursued if additional resources are available: “Strategies for contaminated sites assessment and management in place” and “Waste prevention and management strategies in place” These outputs are in some cases however “enabling” actions for the other “core” outputs included in the base program. For example, output number one states: “POPs and other obsolete pesticides repackaged to appropriate standards and moved to secure storage, or disposed of”. How can effective repackaging, removal and storage be undertaken without adequate site level assessment and management? The rationale for the exclusion of the two outputs in baseline financing therefore needs to be reconsidered and clarified. (ADB)

95. In the introduction to the Chemicals results framework, it is stated that “Regarding SAICM, it is anticipated that the GEF would support those SAICM “concrete measures” that have most obvious regional/global aspects.”

96. However, UNIDO notes that there is no evidence of this support in the results framework itself. (UNIDO)

## **2. Private Sector Strategy and Earth Fund Options**

97. Paragraphs 117-119 discuss a number of options for making the Earth Fund permanent and up-scaling operations to include non-grant mechanisms. Option 2 proposes to establish the Earth Fund as a Subsidiary of the GEF (as a legal entity), with its own governance structure and board. Given that the current structure of the Earth Fund has only been in operation since November 2008, it may be prudent to allow the current mechanism to continue until such time that the Earth Fund has had an opportunity to be fully piloted and lessons adequately assessed. (ADB)

98. We presume that the option to establish the Earth Fund as a Subsidiary of the GEF would be conditional on the GEF Secretariat itself becoming independent with a separate legal entity. In any case, it is not clear how this option would be cost-effective and attract more engagement or funding from the private sector, given the extensive complexities in establishing and managing a company under national law, with taxes and other legal obligations. (WB)

99. Paragraph 113 indicates an option of the GEF raising funds from other donors in the form of soft loans. It is unclear if and how this would work. Would the GEF borrow money to provide them as grants, or loans? Would the GEF expect the GEF Agency or “platform managing Agency” to assume that loan? (Again, we presume this would be conditional on the GEF Secretariat itself becoming independent with a separate legal entity.) (WB, IADB) (See also comments on Annex 1).



### 3. Corporate Programs Strategy

#### National Plans for Generating Global Environmental Benefits

100. Paragraphs 123–126 propose that countries would prepare the above plans to strategize the use of GEF resources. Further guidance on what would constitute a “national plan for generating global environmental benefits” is needed. In effect, such a plan would amount to undertaking a strategic level assessment of the current baseline situation, drivers and trends relating to the focal areas, so that strategic priorities for programs/projects can be assessed. National and sub-national consultations would also be needed. While this would be of value in focusing priorities (as NAPAs currently do), preparation may entail significant work, particular in the first round of preparation; and costs would likely exceed the \$50,000 incentive proposed by the GEF Secretariat. It is therefore suggested that the preparation of such plans should be voluntary, unless a certain threshold allocation is reached. In addition, clarity regarding the process for approving the plans and the role of the Agencies in the process is also needed. (ADB)

101. This new modality is explained both in this paper and in the Reforms paper, and appears somewhat non-synchronized. While we are supportive of additional funding being made available for enabling activities (and other capacity building and foundational activities) for developing countries, we question the need for a new priority setting exercise that might duplicate or contradict NBSAPs, National Communications, NIPs, NAPAs, NCSAs, etc. and agency processes such as UNDAF, CAS, etc... We believe that this modality could also potentially delay programming in GEF-5 and given the limitations of GEF implementation resources, unrealistically raise expectations -- as have other GEF funded priority setting exercises. We believe resources are better placed in strengthening support to OFPs and existing national processes...see below. (UNEP, FAO)

102. “It is proposed that countries can prepare **National Plans for Generating Global Environmental Benefits**. Countries with a combined allocation of less than \$20-30 million would make one plan, countries with allocations above this would prepare separate plans for the thematic areas of natural resources management, climate change, and chemicals.” As outlined in the paper, preparation of these plans would take quite some work. They therefore seem cost-effective only if the country’s allocation is quite large. UNIDO proposes that the \$30/\$20 million threshold should be for countries to prepare national plans at all. Countries should have considerably larger allocations for separate thematic-area plans. (UNIDO)

103. We are concerned that the "national plans for global environmental benefits" may lead to overlap in plans, additional transaction cost and workload at the country level, and go against mainstreaming. (WB, FAO)

104. UNDP is concerned about the implications of separating environment programming from development programming as it would seem to move environment out of the mainstream of development. (UNDP)

105. More clarification on the process, conditions and use related to the national plans are needed. What will the GEF do with the plans? Will the CEO approve them, or the Council, or are they for information only? (apart from reference that plans will be shared with the respective conventions for public disclosure as well as through the GEF website, no action is indicated). Will a format/content be required? A different treatment for plans that already exist having resulted from previous exercises and, if so, may be submitted directly to the GEF? If it is required that “they should represent the full estimation of what a country can contribute to the global environment regardless of what level of resources is available, including, where possible, an identification of relevant programs and projects”, what is the likelihood that existing plans will cover this and be acceptable? Since it is voluntary, what are the implications (for later access) for countries who do not submit plans? What is the timeline for preparing such plans, and how will this affect the project pipeline? Will countries be able to continue to submit PIFs/proposals while the plan is under preparation (if not there will be further delays in access to funds)? If so, how will coherence be ensured? (WB)

106. What is the justification for requiring *separate* national plans for natural resources management (covering biodiversity, land degradation, international waters), climate change and chemicals? This is not in line with the major international conferences on development referred to, nor best international practice. Donors do not require a multitude of plans depending on allocation. This will constitute considerable extra workload for the countries, and not promote synergies among focal areas. If it is voluntary to prepare such plans should not also their number be voluntary? (WB, AfDB)

107. Further, we object to such language and inaccurate representation of history as contained in paragraph 124. It is unnecessary and does not reflect well on the Secretariat balanced view in a partnership. It is not the case that “Country programming was inter-mediated through the GEF Agencies” – the GEF has until recently favored project-by-project approval and *not* country programming as such, irrespective of Agency practice. Further, there is no justification to say that the direct communication was “to ensure that competition among GEF Agencies did not result in a dilution of country priorities”; as per the letter to Focal Points launching the teleconferences. Early clarification on eligibility by the Secretariat is useful, when provided in an inclusive manner. (WB)

#### Establishment of GEF National Steering Committees

108. Paragraphs 127-128 propose that National Steering Committees would be established to guide GEF programming at a country level. The committees would also need to endorse all PIFs. While this would increase national level planning integration and coordination, there is a risk that would create bottlenecks in the approval process. Clear guidance on the function and management of the committees with respect to the approval process is therefore needed. A further issue relates the costs involved in holding meetings of the committees on a regular basis. Direct GEF support to the Operational Focal Points (OFPs) may therefore need to be further increased. (ADB)

109. We would suggest that this recommendation include the flexibility of using existing structures at the national level to take on necessary stakeholder consultations and priority setting for GEF-5. Indeed, many countries have already established such committees to assist the OFPs (starting in GEF-3). However, the current support provided to the OFPs is completely inadequate in meeting the needs for proper due diligence, or decision support tools as expressed by OFPs. (UNEP)

110. Clarification is requested on membership and responsibilities: Paragraph 24a indicates that “These plans will be prepared by national steering committees, coordinated by the GEF operational focal point. However, paragraphs 150-151 do not mention this, but says that “The main responsibility of a GEF National Steering Committee will be to review and clear all projects/programs that are submitted for support to the GEF”. While we agree that projects are endorsed broadly at country level, may this not lead to slower access to funds to project beneficiaries? (WB)

111. The paper also says that the plans ‘shall link with other planning process in the country, including any planning processes of GEF Agencies’, but no measures are suggested on how to do so, such as inclusion (observers) of relevant Agencies to the committees. (WB)

112. If GEF goes down the route of assisting countries to prepare national plans and then tendering these to competing agencies, this will severely hamper involvement in GEF of the private sector and of agencies focusing on private sector such as EBRD, as most countries likely tend to prioritize public sector projects over private sector. (EBRD)

#### National Dialogue Initiative (para 129-130)

113. Paragraphs 129-130 propose that the Country Support Program and National Dialogue Initiative, currently supported by UNDP, should now be managed by the GEF Secretariat. This would imply additional staffing resources for the GEF Secretariat. Under the proposed reforms, the current process of 8 sub-regional workshops would also be replaced by one constituency level meeting. While this will create cost reductions and time efficiencies, the size of the event may lead to a significant reduction in real peer-to-peer dialogue between the OFPs. As these events are critical in providing opportunity for real dialogue and discussion, careful consideration of the proposed change is needed. An option to retain the sub-regional workshops, but with a reduced number regional groupings should be considered. (ADB)

114. In FAO’s experience, this has been a very effective corporate programme that works well and is appreciated by the focal points and GEF Agencies. It is unclear why a major structural change is proposed to an initiative that appears to be working well and has been very inclusive of the countries, GEF Agencies and GEF Secretariat, from the development of the workshop agenda through the actual carrying out of the workshops. (FAO)

### Country Support Program (para 131-133)

115. We question why UNDP/UNEP management of the Country Support Programme would be moved to the GEF Secretariat, given no clear rationale presented for this change in management. UNEP proposes a comprehensive review and overhaul of the support, with far greater ownership by the OFPs themselves, and better integration at the national level of the various foundational activities needed to ensure a smooth operation of the GEF Partnership and greater country responsiveness. (UNEP)

### Development of a Project Management Curriculum (para 137)

116. Paragraph 137 proposes that a GEF “Project Management Curriculum” linked to a regional university be established. The rationale, impact and cost effectiveness of establishing a one year curriculum for project cycle management is however not clear. Would trained individuals remain in the government system or seek other opportunities after completing the training? Would governments be willing to have staff attend such training for an extended period? On what basis could GEF “certify” that managers were qualified to manage “any cooperation program a country may undertake with other partners”? Targeted modular based short courses may be a more efficient modality, particularly when linked to on the job professional development. It is suggested that this proposal be re-assessed and the costs and benefits of other options be assessed. (ADB)

117. We are puzzled by the inclusion of paragraph 137 which proposes development of a global project management curriculum “to be certified by GEF”. There is no reference to this in the draft GEF Paper “Enhancing Strategic Approach to Capacity Development in GEF”. As such, we suggest that the demand driven rationale for this activity be further clarified. Furthermore, have GEF-specific templates and project cycle requirements become so complex that a certification course is now necessary? Shouldn’t the answer lie in greater simplification of such processes and greater reliance on existing processes of the GEF Agencies? (UNEP)

### Conflict Resolution (para 146-147)

118. We are fully supportive of a well-functioning conflict resolution system. For credibility, it is important that this function is separate from other functions related to management, programming, monitoring and policy, to avoid conflict of interest. Thus far, the conflict resolution function has dealt with complaint and disputes cases raised related to activities implemented by Agencies, while each Agency has its own system for this as well. (WB)

119. We are not fully comfortable with the coverage to “resolve complaints and conflicts that emerge in the process of requesting GEF resources and implementing GEF-financed programs and projects,” for the proposed GEF-5 development of this function and the involvement of the Secretariat in a number of programming issues and management of programs. Any further development of this function should address conflict resolution also

related to the GEF Secretariat, and be fully segregated from policy development and programming. (WB)

#### **4. Results-based Management Framework (para 148-162)**

120. We find the section on Results Based Management (RBM) weak in underpinning analysis, and unspecific as to the measures proposed, responsibilities and practical implications or actions. The ample expectations and intended benefits need to be complemented by indication of what will be undertaken, how and by whom. The roles of the various GEF entities are unclear. (WB)

121. The underpinning analysis (Paragraph 149) has a number of inconsistencies. It identifies problem as hindering “ability to consistently report outcome” - but says that there is an over-emphasis on reporting results. It says that “Focus is on impact –with less attention to immediate outcomes, outputs” – but then it is “difficult to show interim progress towards [...] impact”. The uncertainty about what the real problems are flows over into the subsequent proposals. (WB)

122. The strategy should differentiate more clearly between outcomes and outputs (addressed by monitoring, and partly evaluation) and impact (addressed in evaluation, by the EO), and implicitly between the management function and evaluation functions. We thus disagree that “Focus and attention is placed on high level results – impact”. In several places the paper indicates that monitoring should cover “progress towards [...] impact achievement”, which is not realistic in project monitoring. Also, the issue of attribution will remain problematic, but is best addressed in evaluation, not monitoring. (WB)

123. We disagree that “These gaps make it difficult to show interim progress towards outcomes and impact achievement, to identify management issues early on, and to take timely corrective action.” The Agencies have fully operational systems for identifying management issues within their accountability frameworks, and to take timely corrective action. Does this imply that the GEF Secretariat or Council should take action on projects? It would be appropriate to identify portfolio issues for management discussion, this has other implications and should be specified, and if so, what management actions are expected for the portfolio? (WB)

124. We agree that there is insufficient attention to using results information for internal management (paragraph 149; presumably internal here being the GEF?). However, the proposals seem geared towards increasing reporting formats, scope and frequency, before contemplating how current (or future) information is processed and used. The development or refinement of performance measurement tracking tools and systems is welcome when these are useful and relevant tools for project design and implementation. Does “streamlining reporting requirements” refer to these tracking tools, or other information and formats? Does “timely performance information” mean differences to the current annual reporting requirements? (WB)

125. We also note that (paragraph 155), the Secretariat will take over the Quality of Supervision Reviews from the EO. The EO however, ensures that quality of supervision is assessed and updated every two or three years through special appraisals, and that “assessment of performance on these parameters [quality of supervision] requires intensive thematic appraisals” (AMR 2008). Their last assessment was undertaken by a stratified random sample of 49 GEF projects examined in detail. The approach of the GEF Secretariat to quality of supervision assessment, though not detailed in the paper, seems to fall far short of the rigor and neutrality with which the EO conduct such assessments (i.e. the Secretariat will undertake selective and targeted field monitoring triggered by information coming from ongoing performance monitoring). We request that such transfer of responsibilities not be undertaken until an assessment of similar and adequate expertise and approach be ensured. (WB)

126. We also note that “The Secretariat will also work with GEF Agencies to develop a system where risks can be more carefully tracked at the portfolio level.” As the Agencies have project risk management systems fully embedded in their own accountability frameworks, we are concerned that this should not become another duplication of functions. (WB)

127. **Learning Objectives** are briefly referenced in paragraph 162, with no information or cross referencing on their rationale, objective, scope, impact or their targeted beneficiaries. (UNEP)

128. **Indicators**

- The use of indicators is not clear in the paper. More clarification is needed on what is meant by “corporate level processes will be tracked” (paragraph 154). Do these indicators apply to corporate as in GEF Secretariat, as in all Agencies, to portfolio, or as in all projects? Who are the “managers” who will get summary dashboard reports on a six month basis, who will prepare these and how will they be used?
- From paragraph 154, it seems that the Secretariat will undertake a detailed quality at entry assessment on project objectives, strategic relevance, efficiency, role/ contribution to the GEF mandate and convention goals, design of the baseline, collection of baseline data, and a project monitoring strategy with sufficient budget allocation. This is a major task, and will duplicate our own QAE systems. What are the workload implications? Will this be done outside of the 10-day review period for CEO endorsement (if not, there will be major delays in elapsed time)?
- Are the indicators in paragraph 154 the same as “a small set of indicators with targets will be selected at the corporate and Focal Area level”, and are they the same as the ones in Annex 3 (though they do not seem to be consistent)?
- The tables of indicators (on pages 50 onwards) related to “expected private sector engagement outcomes” are not helpful. It is not clear what these indicators would apply to: GEF Earth Fund? But if so they are not consistent with the flexibility and

scope of that Fund); regular projects? (if so, they are not consistent with the regular focal areas objectives). We question the need to have any specific outcomes and indicators for private sector engagement. The GEF's overall objectives and focal areas goals should suffice also for private sector.

- We are concerned about the SMART nature and application of the Indicators for Corporate Efficiency and Efficiency in Annex 1. We presume that the indicators under (1) Secure financing and financing mechanisms, (2) Enhance visibility of GEF, and (4) Staff and gender representation, pertain to GEF Secretariat only, as we cannot see how they would apply to projects or Agencies. The other indicators have a number of weaknesses related to being measurable; relevant, or achievable, or they go beyond current project cycle requirements. For example, "Percent of project with outcomes aligned to country programmed (national priorities) outcomes" does not make sense. Would the Secretariat have cleared a project that does *not* align with national priorities? Or *partly* aligned, i.e. percentages per aligned outcome?

129. **Non-Grants for Public Entities (Annex 1).** We have a number of concerns on the thrust and realism of this proposal. Clarity on the purpose of setting up this window, and what target audience this is aimed to address, would be helpful:

- The annex relates to Paragraph 24c, on Transformative Programs Employing Non-Grant Instruments; "Countries that prepare national plans and propose programmatic approaches in any of the GEF focal areas that propose to employ non-grant resources will receive additional resources (also employed with non-grant instruments) for such programs in addition to their country allocations." Do we understand that national plans and programmatic approaches will be pre-conditions for non-grant instruments? Do we understand correctly that if countries that employ non-grant resources (loans etc.) will receive additional loans (not grants)? If so, the incentives in this are not clear to us.
- This annex and section could be enhanced to clarify who exactly is meant to implement the non-grant instruments - it seems to be targeting the GEF Agencies to deploy more of these. Or is it meant for the countries to think of this window as additional funding so long as it is in the form of non-grant instruments (which come in a variety of shape/sizes, including convertible grants and guarantees, which generate fewer reflows and are closer to grants than, say, concessional loans). Or both?
- Does this automatically imply that all funding under RAF is grant based? Some GEF Agencies have used non-grant instruments when they've accessed RAF funding in the past. \$170M vs. \$7.8B (non-grant to grant) is striking. It would be interesting to see what the breakdown of deployment of non-grant vs. grant instruments with GEF funding has been in previous cycles. Does this significantly change how Agencies deploy funding?

- More clarity is needed about the use of reflows under this window - will reflows stay in country? Be reprogrammed at the GEF Council level? How might this be managed on an ongoing basis? Will countries have a say in reprogramming of reflows?
- Clarity is also needed on what "blending" means in this context, since it implies it happens at the GEF Agency level when they deploy to the Country. The statement "... it could be envisaged to blend GEF resources with those of multilateral development banks to provide, through a highly concessional loan..." is already what happens today for blended projects when GEF support is provided together with Bank loans, whether the GEF funding is grant or non-grant. Or does the Secretariat mean to actually blend the two loans into one? If so, this needs considerable more discussion: How would this work? Would it be a different rate than for loans or IDA financing? Would we have to ensure that this is separate from our project to ensure that reflows are properly accounted?

130. **Resource envelopes (Annex 3).** Clarification is needed on how the activities proposed link to the proposed resource envelopes (table 7). Many activities do not seem covered in the budget. While a large set of activities are proposed under Corporate Programs in the text, this budget line is cut from 61 M to 60 M USD. The corporate budget has grown with 80 M USD to 200M. Have all the corporate programs been merged into the Secretariat budget, but without breakdown?

131. **Corporate Budget.** We note a proposed GEF-5 corporate budget of \$200million. Can it be assumed that all GEFSEC spending will originate from this budget line, or will the Secretariat also recover costs from Programmatic Trust Funds, Corporate Programs and "Learning Objectives"? As per previous Council decisions, we suggest that all Secretariat spending be captured under one budget source, so as to better track the administrative costs of the GEF. (UNEP)