



**GLOBAL ENVIRONMENT FACILITY**  
INVESTING IN OUR PLANET

GEF/R.7/08  
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## **GEF-7 REPLENISHMENT**

### **MANAGEMENT RESPONSE TO THE DRAFT FINAL REPORT OF THE SIXTH COMPREHENSIVE EVALUATION OF THE GEF (OPS6)**

**(PREPARED BY THE SECRETARIAT)**

## Introduction

1. The Secretariat welcomes the *Draft Final Report of the Sixth Comprehensive Evaluation of the GEF (OPS6)*. The report provides a rich, thorough and timely overview of GEF results and performance that spans 26 years of operations, and focuses on the latest trends against the backdrop of an evolving landscape of environmental finance<sup>1</sup>. The Secretariat would like to congratulate the Independent Evaluation Office (IEO) for the on-time delivery of this outstanding report, and for its able management of the associated, complex evaluation process over the past three years. This management response focuses on the main conclusions and recommendations of OPS6. In addition, it offers preliminary comments on topics that have not been addressed in detail in IEO's two previous, Semi-Annual Evaluation Reports to the Council in October 2016<sup>2</sup> and in May 2017<sup>3</sup>.

## Responding to the Conclusions and Recommendations of OPS6

2. The Secretariat is in broad agreement with the overall thrust of OPS6. Notwithstanding its proven track record of performance, the GEF cannot ignore the continued, rapid deterioration of the global environment, and the evolving external context in which it operates. Accordingly, the Secretariat agrees with Conclusion 1 and Recommendation 1 that the GEF should aim to further concentrate its efforts in line with its unique comparative advantage in the environmental finance landscape, particularly as an institution that can promote interlinkages and synergies across multiple environmental issues and the associated, multi-lateral agreements.

3. The Secretariat agrees with the direction set out in recommendations 2 and 3: the GEF should do more to promote transformational change, and it should continue to focus on integration to harness the strong synergies across its different areas of work. To this end, and as noted in its response to the May 2017 *Semi-Annual Evaluation Report*<sup>4</sup>, the Secretariat sees great value in IEO's in-depth review of projects that have achieved transformational change<sup>5</sup>, which highlights the importance of designing projects to make fundamental changes affecting an entire system, as well as long-term engagement at the system scale. With respect to the need to demonstrate the "additionality" of programmatic approaches over discrete focal area projects, the Secretariat agrees that program-level targets and results should be specified and captured more effectively. At the same time, the Secretariat believes that the assessment of any GEF investment should look beyond the "additionality" of one operational modality over another: any GEF-financed activity – whether it is a stand-alone project or program, targeting a single focal area or multiple focal areas – should ultimately be appropriately tailored to the

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<sup>1</sup> The draft, final report of OPS6 brings together the findings, conclusions and recommendations of 29 self-standing studies and evaluations, many of which have already been presented to the Council over the past three years and addressed in associated management responses.

<sup>2</sup> GEF/ME/C.51/01

<sup>3</sup> GEF/ME/C.52/01/Rev.02

<sup>4</sup> GEF/ME/C.52/01

<sup>5</sup> GEF/ME/C.52/Inf.06, *Review of GEF Support for Transformational Change*

issue it seeks to address; and it should aim to provide increasing returns for the global environment, learning from and improving on past projects and programs.

4. With respect to private sector engagement, the Secretariat welcomes Recommendation 5 and agrees that the private sector should be viewed more broadly than just a source of financing. Indeed, the proposed, GEF-7 programming directions and policy agenda<sup>6</sup> propose a two-pronged strategy for private sector engagement that recognizes the growing opportunities to harness coalitions of interested public and private sector stakeholders to contribute towards safeguarding the global environment, e.g. by changing business practices. With respect to leveraging private sector financing through the use of non-grant instruments, the Secretariat agrees that such instruments have proven effective and that their use should be expanded in GEF-7. The Secretariat also agrees that scaling up the use of non-grant instruments could require strengthening its internal capabilities, but it also believes that the GEF can continue to make effective use of non-grant instruments without introducing major changes to its business model.

5. As per the Secretariat's management response in May 2017, it agrees with the need to review the GEF's policy on environmental and social safeguards, as per Recommendation 7. That review is now underway. The GEF's current minimum standards on environmental and social safeguards include a standard on indigenous peoples. The Secretariat recognizes the need for the GEF to be at the forefront of international best practice in terms of its policy framework and approaches for engagement with indigenous peoples. Accordingly, as it proceeds with the safeguards review, the Secretariat looks forward to drawing on the detailed findings, conclusions and recommendations of the complete evaluation of the GEF's engagement with indigenous peoples.

6. On issues related to governance, the Secretariat agrees with Conclusion 9 that stakeholders across the GEF Partnership benefit from a high level of mutual trust and goodwill, a general sense of common purpose, and transparent governance. With respect to transparency in operations, the Secretariat agrees – in line with Recommendation 8 – that an expanded network of Agencies, coupled with a growing emphasis on integrated, programmatic approaches with multi-stakeholder engagement, call for commensurate improvements in communication across the Partnership, and clearer rules of engagement. These needs are explicitly recognized in the proposed, GEF-7 programming directions and policy agenda<sup>7</sup>, along with preliminary suggestions as to how they could be addressed.

7. As for the report's conclusions pertaining to the GEF Instrument<sup>8</sup> and the *Rules of Procedure for the GEF Council* (Conclusion 9), the Secretariat questions the assertion that there is "no clarity on the participation of observers and Agencies at Council Meetings". With respect to the Civil Society Organization Network, the Network continues to participate actively in

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<sup>6</sup> GEF/R.7/06

<sup>7</sup> GEF/R.7/06

<sup>8</sup> *Instrument for the Establishment of the Restructured GEF*

Council meetings, and consultations between the Network, Council members and the Secretariat occur regularly in connection with Council meetings. Meanwhile the Council has embarked on a collaborative process to strengthen its engagement with civil society<sup>9</sup>. As for Agencies, their formal role and participation have not changed, but the Secretariat recognizes that the nature of Agencies' engagement has evolved as the Partnership has continued to grow. Recent processes nevertheless suggest a positive trend of collaboration, including joint work on upcoming policies and guidelines, as well as on key reform areas for GEF-7, such as core indicators and operational efficiency.

8. On a related matter, while the Secretariat as well as the Agencies' concerned recognize the risk of a perception of conflicts of interest associated with civil society organizations serving as Agencies as well as members of the Civil Society Organization Network, each of these Agencies has established arrangements to separate its executing and implementing functions consistent with the GEF's minimum fiduciary standards<sup>10</sup> (Recommendation 7).

### **Preliminary Comments on Selected Topics**

9. Overall, the Secretariat agrees with the Independent Advisory Panel's assessment regarding the quality of evidence and methods, and the quality of arguments presented in the draft, final report of OPS6. In certain areas, the Secretariat recognizes that the topics addressed in the report have not yet been presented in a complete, self-standing study or evaluation. While the Secretariat looks forward to reviewing those complete studies, including the methodologies and evidence used, it takes this opportunity to make preliminary comments beyond those that respond directly to the high-level conclusions and recommendations of the report.

#### *Program Coherence and the Availability of Incentive Funding*

10. The Secretariat appreciates the formative evaluation of the GEF Global Wildlife Program. The Secretariat agrees with the finding that the program represents a relevant component of the GEF's strategy on biodiversity, as well as broader, global efforts to address illegal wildlife trade. The Secretariat also welcomes the finding that the program has an appropriately comprehensive theory of change. With regard to the scope of the program, OPS6 suggests that there are gaps in geographic and species coverage. Similarly, the report points out that the program is mostly focused on supply-side interventions, with less emphasis on trafficking and demand. Both of these findings are, in part, attributable to country demand and the fact that the program is almost entirely financed from countries' STAR allocations. Indeed, the regional and thematic scope of the program is ultimately a function of participating countries' decisions.

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<sup>9</sup> GEF/C.52/Inf.12, *Progress Report of the Ad-Hoc Council Working Group on GEF and Civil Society*

<sup>10</sup> GA/PL/02

11. Partly in contrast with the GEF Global Wildlife Program, the formative evaluation of the Integrated Approach Pilot programs (IAP) finds that these programs and their associated child projects are broadly coherent in terms of their objectives. The Secretariat agrees with IEO's findings on this topic, and believes that the high level of coherence achieved across the IAPs is to a significant degree thanks to the incentive funding offered to participating countries, as well as considerable investment in upstream engagement among countries and Agencies.

#### *The Preparation of the IAPs*

12. Overall, the Secretariat is in broad agreement with the report's findings related to the IAPs' relevance and design, but it finds some discrepancies in the discussion on process. The Executive Summary suggests that "[t]here have been some inefficiencies caused by delays in designing and launching the IAPs, in part because the GEF project cycle policy has not been explicit regarding the application of standards to child projects". Elsewhere the report argues that "[t]he GEF underestimated the time it takes to design and launch a coherent and complex program". The Secretariat finds both statements inaccurate. The Cancellation Policy<sup>11</sup> – in accordance with the Council's decision in October 2014<sup>12</sup> – makes an explicit distinction between stand-alone projects, which are subject to fixed time standards, and Child Projects under Programmatic Approaches, which are exempt from those time standards because of their unique coordination requirements. Indeed, rather than having underestimated the associated time requirements, all Child Projects under each IAP were submitted for CEO Endorsement by the commitment deadlines set out at Council Approval.

#### *The Funding Shortfall and STAR*

13. The Secretariat appreciates the OPS6 findings on the System for the Transparent Allocation of Resources (STAR), and has drawn on several of these in the proposed, GEF-7 policy agenda<sup>13</sup>. With respect to the funding shortfall, however, the Secretariat is somewhat concerned that the report appears to treat the shortfall in a static manner – as a fixed 15% reduction in the GEF-6 envelope that is distributed across focal areas and countries. In reality, as pointed out in the Secretariat's and Trustee's reports to the Council<sup>14</sup>, the shortfall is subject to change as a result of continued exchange-rate fluctuations. As of March 2017, the shortfall was estimated at US\$677 million (15% of the replenishment target of USD 4,434 million), whereas five months later, as of August 31, 2017, the amount was US\$535 million (12%). Accordingly, the reduced allocations presented in OPS6 should be understood as a snapshot at a given moment in time. The Secretariat and the Trustee remain committed to ensuring that GEF-6 programming is based on accurate and up-to-date projections of the funds available, and the Secretariat will continue to keep Agencies and countries informed of the situation as it evolves.

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<sup>11</sup> OP/PL/01

<sup>12</sup> *Joint Summary of the Chairs, 47th GEF Council Meeting, October 28–30, 2014*

<sup>13</sup> GEF/R.7/06

<sup>14</sup> See e.g. GEF/C.52/Inf.10/Rev.01, *Update on GEF-6 Resource Availability*