



GLOBAL ENVIRONMENT FACILITY
INVESTING IN OUR PLANET

GEF/ME/C.45/06
October 8, 2013

GEF Council Meeting
November 5 – 7, 2013
Washington, D.C.

Agenda Item 08

MID-TERM EVALUATION OF THE NATIONAL PORTFOLIO FORMULATION EXERCISE (NPFE)

(Prepared by the GEF Evaluation Office)

Recommended Council Decision

The Council, having reviewed GEF/ME/C.45/06, *Mid-Term Evaluation of the National Portfolio Evaluation Exercise (NPFE)*, and GEF/ME/C.45/07, *Management Response to the Mid-Term Evaluation of the NPFE*, notes the relevance of the NPFEs to address the pre-identification phase of GEF support and its notable success in creating capacity in countries to coordinate and program GEF interventions. The Council requests the Secretariat to:

- (1) Include in the final replenishment proposals the continuation of NPFE support in GEF-6, to be implemented through the Secretariat;
- (2) To use the balance of the GEF-5 NPFE support for programming exercises especially in LDCs and SIDS in 2014, to enable countries on a voluntary basis to prepare for GEF-6;
- (3) To include in the final replenishment proposals capacity development initiatives for GEF-6 (including NPFE, NDI, NCSA and a follow-up to the Capacity Development Strategy of GEF-5) which aim to achieve a more comprehensive understanding of the GEF in partners and stakeholders at the country level, especially in LDCs and SIDS.
- (4) Update NPFE guidelines to address information needs of the countries for programming on topics such as eligibility criteria, cofinancing expectations, and funding modalities.

EXECUTIVE SUMMARY

In July 2010, when approving the initiative, the GEF Council requested the Evaluation Office to undertake a mid-term evaluation of the National Portfolio Formulation Exercise (NPFE) initiative. During the fifth Replenishment process of the GEF Trust Fund (GEF-5) the NPFE was one of several initiatives identified to reform the Country Support Program. The key goal of the NPFE initiative is to “strengthen country ownership over decisions on GEF resource programming”. It was expected that GEF Agencies would organize their support to countries to prepare and implement projects and programmatic approaches identified in the NPFEs. The NPFE initiative has now been under implementation for more than three years. During this period 42 countries, including countries that undertook NPFE through their own resources, have participated in the initiative.

The purpose of the NPFE mid-term evaluation is twofold: first, to provide the GEF Council with a comprehensive assessment of the NPFE initiative; second, to provide a formative assessment to improve the initiative for GEF-6.

The main conclusions of the mid-term evaluation of NPFE are:

- (1) The NPFE initiative is relevant to GEF mandate and policies, and is relevant to the country needs. It promotes ownership and involvement of recipient countries in GEF programming and project development.
- (2) The uptake of the NPFE initiative was low due to delays in groundwork for implementation and difficulties experienced by the countries in accessing the GEF grant for the initiative.
- (3) In the majority of countries the NPFE initiative enhanced country ownership through consultations with a wide range of stakeholders and through creation of national steering committees to provide a broader decision-making and coordinating structure for GEF programming.
- (4) The NPFE initiative provided a structure for a more systematic alignment of GEF support with country strategies.
- (5) In countries where stakeholder capacities are low, NPFEs were not effective in identification of project ideas that are eligible for GEF funding.
- (6) From an administrative perspective the NPFE program was inefficiently executed and not fully in accordance with Council decisions and guidelines.
- (7) The guidance provided on NPFE did not adequately address issues related to eligibility for GEF funding, co-financing requirements, and GEF modalities.

The key recommendations of the mid-term evaluation are:

- (1) The NPFE initiative should continue, as it is highly relevant to support countries to address the pre-identification phase of project cycle.

- (2) The revised NPFE needs to continue to be implemented by the Secretariat, to maintain neutrality among countries and agencies, and needs to provide funding for a country led NPFE on a voluntary basis.
- (3) It is strongly recommended to support programming exercises at the end of a GEF phase rather than at the start of a new phase, to ensure that countries are ready for the new phase when it starts. The current balance in the NPFE program should be used for especially NPFE support to LDCs and SIDS in 2014.
- (4) The capacity development initiatives of the GEF, including NPFE, NCSA, National Dialogue Initiatives and the Capacity Development Strategy should aim to support a more comprehensive understanding of the GEF in partners and stakeholders at the country level. Targeting this support to LDCs and SIDS should be considered.
- (5) The NPFE guidelines should address information needs of the countries for programming on topics such as eligibility criteria, cofinancing expectations, and funding modalities.

The full report of the NPFE mid-term evaluation – as unedited version – can be downloaded from the GEF Evaluation Office website.

TABLE OF CONTENTS

Executive Summary	iii
Introduction and Background	1
Objectives and Approach	2
Findings and Conclusions	3
Relevance	3
Effectiveness	4
Efficiency	7
Recommendations	10

INTRODUCTION AND BACKGROUND

1. Implementation of the NPFE initiative started at the beginning of GEF-5. The goal of the NPFEs was to “strengthen country ownership over decisions on GEF resource programming”¹ and to undertake on a voluntary basis, NPFEs to produce portfolio formulation documents (NPFDs).
2. The NPFEs were part of a number of initiatives identified during the fifth Replenishment process of the GEF Trust Fund (GEF-5) to reform The Country Support Program. The Country Support Program was to be implemented by the GEF Secretariat and the voluntary national portfolio identification exercise was to be executed by national institutions in recipient countries.
3. Another aim of the NPFE process is to strengthen country capacity to coordinate ministries and other involved stakeholders from both private and public sectors. The NPFEs were meant to also set forth country priorities for the use of GEF resources in a transparent manner for the benefit of all GEF stakeholders “including the anticipated demand for resources, both from countries’ national allocations under the System for Transparent Allocation of Resources (STAR) and from outside the STAR country allocations.”
4. The overarching goals of the NPFE initiative are to “help recipient countries to build or to strengthen national processes and mechanisms to facilitate GEF programming in a manner that reflects country priorities” and to provide “an opportunity to align the programming of GEF resources with other relevant strategies and national planning processes”². The NPFEs were expected to cover a country’s request for GEF resources from both country allocations under the System for Transparent Allocation of Resources (STAR) and other resources outside the country allocations. One of the objectives in providing support for NPFEs is that it would help GEF Agencies organize their support to countries around the programming priorities listed in a country’s NPFE. Other objectives of the NPFEs are:
 - (a) Increased opportunities to align the programming of GEF resources with other relevant strategies and national planning processes and increased responsiveness to country priorities for generating global environmental benefits under the multilateral environmental conventions;
 - (b) Identification of projects and programmatic approaches that will use national allocations under the STAR in the three concerned focal areas, as well as other resources available under the GEF focal areas not subject to STAR allocations;
 - (c) Bringing together all relevant ministries and representatives of other key stakeholders (e.g. CSOs and the private sector) to provide input on decisions regarding GEF resource programming;
 - (d) Building the capacity of GEF focal points to coordinate GEF policy with other ministries and to solicit input from other stakeholders;

¹ GEF/C38/7/Rev.2, July 2010, Reforming the Country Support Program and Procedures for Implementation, page 3.

² Toolkit to Access Resources Under the Country Support Program, September 2012, page 1.

- (e) Providing for a more predictable and transparent programming process at the national level, which will provide the GEF Secretariat, the GEF Agencies, and the GEF Council with a clearer understanding of each country's prospective project pipeline during a replenishment period;
- (f) Making the pre-PIF (project identification form) portion of the GEF project cycle more efficient;
- (g) Enhancing the mainstreaming of global environmental concerns into other national planning processes and strategies by raising awareness of global environmental issues and priorities among national decision-makers.

5. Overall, the NPFE initiative had a low uptake: countries participated in the NPFE process in GEF-5. Of the 42, 34 shared their NPFD with the GEF Secretariat. It is unclear whether the remaining 8 countries have finalized the process or not. Out of the 34 countries with finalized NPFDs, 24 had their NPFE process funded by the GEF and ten carried out an NPFE using their own resources.

OBJECTIVES AND APPROACH

6. The purpose of the National Portfolio Formulation Exercise (NPFE) mid-term evaluation is to provide the GEF Council with a comprehensive assessment of the NPFE initiative and to provide a formative assessment to improve the initiative for GEF-6. The primary objectives of the mid-term evaluation were:

- (a) To assess the relevance of the NPFE initiative to the GEF mandate and to the countries;
- (b) To assess the effectiveness and emerging results (or effects) of the NPFE, including the extent to which the process has enhanced country ownership;
- (c) To assess the efficiency of the NPFE administration and processes, focusing on the guidance provided and the timeliness of the process implementation, as well as implementation approaches used by countries;
- (d) To examine utility and usefulness of the National Portfolio Formulation Documents, in terms of guidance the documents provide to key stakeholders such as the GEF Secretariat, GEF agencies, and in-country stakeholders.

7. The evaluation used a mixed-methods approach to collect and analyze information including quantitative (e.g., structured survey questionnaires; portfolio review) and qualitative (e.g., semi-structured interviews) methods. The quantitative methods were used to examine the effects of the NPFE on portfolio and project development. The qualitative methodologies were used to obtain information on the extent to which the NPFE engendered improvements to country ownership, transparency, and coordination inter alia. The quantitative and qualitative data sets were analyzed separately and then triangulated in order to identify similarities and differences in information from different sources (e.g., actual project preparation times under NPFE vis-à-vis perceptions that NPFE increased project preparation times).

8. Four approaches were used to collect data:

- (a) Review of documents: including papers, the GEF Secretariat NPFE guidance and application templates; country grant applications, approval correspondence (letters / emails); available NPFDs.
- (b) Portfolio Overview and Analysis: including regional distribution, analysis of NPFE project proposals, submissions and approvals by the GEF Secretariat; focal area, allocation analysis.
- (c) Interviews: of the GEF Secretariat staff involved in NPFE, HQ-based GEF Agency staff, and national stakeholders.
- (d) Online Survey: an online survey questionnaire administered to national stakeholders to gather information on various aspects of NPFE design, implementation and effectiveness.

9. The experiences across three groups of countries were compared: (a) those that undertook the NPFE with financial assistance from the GEF; (b) those countries that used their own or other sources to fund their NPFE; and (c) countries that did not conduct an NPFE. The aim was to identify patterns and lessons that may be learned from this comparative assessment.

10. The mid-term evaluation faced some methodological challenges. While the evaluation did use a comparative framework to compare experience across countries, an in-depth comparative assessment on topics related to country ownership and transparency was not possible due to resource constraints. Further, there is a self-selection bias in countries that chose to undertake NPFE with GEF funding or with their own resources versus those that chose to not undertake NPFEs. It is, therefore, difficult to assess the extent NPFEs are driving the differences in the programming related performance. Lack of a central record filling system of NPFE data within the GEF Secretariat made it difficult to obtain accurate information on administration and process elements. The full report of the NPFE mid-term evaluation – as yet unedited – can be downloaded from the GEF Evaluation Office website.

FINDINGS AND CONCLUSIONS

Relevance

Conclusion 1: The NPFE initiative is relevant to GEF mandate and policies, and is relevant to the country needs. It promotes ownership and involvement of recipient countries in GEF programming and project development.

11. The GEF instrument emphasizes that the GEF “shall fund programs and projects which are country-driven and based on national priorities” (paragraph 4). There is also an increasing amount of evaluative evidence from Evaluation Office evaluations that ownership plays a crucial role in ensuring efficient and effective delivery of GEF activities, and in ensuring support for follow up. The mid-term review on RAF and OPS4 also emphasized the need for country level programming. The GEF-5 replenishment policy recommendations called for development of a tool (which became the NPFE) to provide an operational basis for countries to build and sustain ownership in relation to GEF programming and project development.

12. The NPFE process was seen as relevant and a beneficial ‘first step’ to build country involvement in portfolio and project development. Most countries perceived the primary relevance of the NPFE as a tool for their empowerment in the GEF so that they generate ‘project ideas’ without influence of the GEF Agencies. Prior to the introduction of the NPFE, attention to building country ownership in programs and projects was largely left to individual GEF Agency – country stakeholder interactions. GEF issues (e.g., climate change) were sometimes integrated into national development plans and also agency-country strategic planning processes such as the UN Development Assistance Framework (UNDAF) or the Bank Country Assistance Strategies (CAS). Ten out of 19 countries interviewed reported that prior to NPFE (GEF-5) no systematic effort had been made to plan their respective portfolio or ensure alignment with national priorities. All referred to the ‘old GEF system’ which had the following characteristics: first come, first served (i.e. project concepts presented for endorsement by Operational Focal Points (OFPs); pressure to sign (i.e. OFPs under time constraints from GEF agencies to sign endorsement projects; limited information and consultation on projects.

13. A more varied picture emerged from interviews of agency staff and staff of the GEF Secretariat. For the GEF Secretariat the relevance of the NPFE was perceived to be strong as it provided countries with an opportunity to develop their own portfolio and projects through consultations – and therefore increase ownership and capacities. Secretariat technical staff had more varied views of relevance based on expectations and differing opinions on the NPFE process and importantly what the process was meant to deliver. The process was perceived to be useful for building country involvement and ownership as well as empowering countries vis-à-vis the Agencies, regardless of the quality and usefulness of the NPFD. However, the NPFE process was perceived to be inadequate to promote a strategic focus within the country portfolio and also identification of projects that are eligible for GEF funding.

Effectiveness

Conclusion 2: The uptake of the NPFE initiative was low due to delays in groundwork for implementation and difficulties experienced by the countries in accessing the GEF grant for the initiative.

14. Implementation of NPFE started with at the beginning of GEF-5. Since this initiative was being implemented for the first time, a considerable amount of groundwork needed to be done before countries could actually undertake NPFEs. Although most of the countries that eventually participated (26) had submitted their applications in 2010, the modality adopted by the GEF Secretariat initially made it difficult for the countries to access GEF grants for NPFEs. The delay in accessing GEF grants led to waning interest. Consequently, overall uptake of the NPFE initiative was low.

15. Compared to the budgeted participation of 100 countries, only 42 countries participated in the NPFE process in GEF-5. Of these 10 carried out NPFE using their own resources. The NPFE initiative attracted countries from different regions across the world. The African region is the most represented with 22 countries (three countries from Central Africa, four countries from East Africa, two countries from Southern Africa, and thirteen countries from West Africa). Asia and the Pacific had eleven countries in the NPFE process, with Latin America and the Caribbean featuring seven countries, and Europe and Central Asia with two countries. Forty five percent

(19) of the 42 countries that undertook the NPFE process are LDCs, while 21 percent (9) of them are SIDS. Seven per cent (3) are both LDCs and SIDS. This indicates that support for NPFE was especially important for LDCs and SIDS.

Conclusion 3: In the majority of countries the NPFE initiative enhanced country ownership through consultations with a wide range of stakeholders and through creation of national steering committees to provide a broader decision-making and coordinating structure for GEF programming.

16. Feedback from stakeholders interviewed in countries that participated in NPFEs indicates that the consultations undertaken as part of the exercise increased the space for participation of various GEF stakeholders in country portfolio formulation. Country stakeholders perceived the NPFE as a turning point in their relationship with the agencies as it made them more responsive to country needs.

17. Out of 34 countries for which NPFDs are available, the documents for 32 countries indicate that consultations were held with stakeholder groups. Twenty-seven out of 34 NPFDs indicate Civil Society Organization (CSO) participation in the NPFE. CSOs encompassed academic professionals and research institutes; International NGOs (INGOs)³; national NGOs and Community Based Organizations (CBO). The weakest consultation occurred with CBOs and the private sector. For example, only seven out of 34 NPFDs reported private sector participation in consultations.

18. Twenty-two out of 34 NPFDs indicated that GEF Agencies participated in NPFE consultations. UNDP was the most frequently involved. World Bank, UNIDO, and FAO were involved in seven to nine countries based on their country presence and requests from countries. ADB was requested to be involved in Philippines (HQ host), Thailand, and Vietnam. The IADB and AfDB were only involved in one country each, which can be attributed to the organizations less consistent engagement on GEF projects in-country and sometimes limited in-country capacity. Notably, the AfDB had begun to be more actively engaged in project development in GEF-5, however staff reported that for most countries they only came to know of NPFEs after the conclusion of the process. The consultative processes in many countries limited Agency involvement until the closing or draft report validation workshop.

19. The establishment of National Steering Committees (NSC) through the NPFE process was seen as playing a major role in improving transparency at country-level in terms of establishing process and structure for the review of project proposals. NPFE guidelines advised countries to put in place NSCs as part of the consultation process to set priorities, to review project proposals, and also hold at least one consultation to discuss the draft report. Seventeen NSCs were established as a result of the NPFE process, and in five countries there were pre-existing NSCs or similar committees. In countries that had NSCs, these committees were instrumental in providing a multi-stakeholder structure to judge project concepts and take

³ Such as WWF (e.g., Cambodia) and WCS (e.g., Rwanda).

decisions. For OFPs who had experienced the ‘old system’, the NSC structure (and the NPFE) was empowering as it helped in shifting the balance of power.⁴

20. The vast majority of country stakeholders perceived transparency to have increased because of the NPFE. But most of the gains in transparency were perceived to be associated with the consultations and up to the submission of the NPFD. Some stakeholders, particularly those that were not represented in the NSCs had not received any feedback on their proposal since submission and/or were unsure of where their projects stood ‘in the pipeline’ (e.g., Burkina Faso, Cambodia, Guinea-Conakry, Gambia, and Thailand). Most NSCs have continued to function since the completion of the NPFDs. Only Congo-Brazzaville and the DRC reported that their NSCs stopped meeting after the completion of the NPFE process because of lack of funding to hold meetings.

Conclusion 4. The NPFE initiative provided a structure for a more systematic alignment of GEF support with country strategies.

21. The NPFE initiative has been effective in meeting its objective of strengthening the alignment between national strategies and GEF support. Twenty-nine out of 34 countries described their national strategies (e.g., NBSAPs, NAPA, water, energy, forest, and agricultural strategies) in detail in the NPFDs and linked their programmed GEF projects with them. Most of country stakeholders believe that NPFE provided a forum for a more comprehensive discussion of national and GEF strategic alignment in terms of identifying clear synergies. National development planning processes were also linked in many countries to their overarching ‘vision’ (e.g., Vision 2020 or 2030) or 5-year development plans. While environmental priorities in these plans were incorporated into NPFE consultations, national budgeting for development planning was not.

22. The NPFE process was also meant to consider ‘priority areas for regional collaboration’, however most of the countries did not mention regional collaboration and focused more on identifying their national priorities. Interviews tended to confirm the strong perception that the NPFE was not an appropriate tool to promote regional collaboration.

23. A major intended output of the NPFE was an indicative ‘list of projects’ for development for GEF-5 support to the country. Country interviews revealed that stakeholders clearly understood that they were meant to generate project concepts for development. However, for the GEF Secretariat technical staff and Agency HQ-based staff greater emphasis was placed on the production of a ‘portfolio’ or ‘programmatic approaches’. The elements of portfolio or programmatic approaches are evident in 14 NPFDs. Some of the countries programmed multifocal area projects (e.g., Sri Lanka), while others tried to see the country’s environmental protection as a whole and include projects within the context of their national priorities (e.g., Ghana, Gambia). In other instances, based on the review of NPFDs it is difficult to know whether there was an attempt at identifying projects that were connected to the ongoing work in the country. Lack of information in NPFDs on connectedness of identified projects to GEF supported activities, however, does not automatically mean that these projects are unconnected.

⁴ Interviews with OFP / other stakeholders.

Furthermore, being unconnected to GEF supported activities also does not mean that the identified proposals are not connected to the ongoing work of the government or of other partners. The mid-term evaluation was not able to explore this question in adequate depth but it remains an issue that need to be addressed in future.

Conclusion 5: In countries where stakeholder capacities were low, NPFEs were not effective in identification of project ideas that are eligible for GEF funding.

24. The NPFE initiative is implicitly based on the assumption that participants are informed and knowledgeable about the GEF, its eligibility criteria, strategies and project development process. In many countries the participants were insufficiently informed to enable meaningful consultation or development of project concepts. Capacity building exercises were often included through additional preparatory meetings or training on GEF strategies and project proposal writing. However, in several instances gains through these exercises have not been sustained due to transfer, retirement, or removal of key staff.

25. Analysis of the information contained in NPFD and data from the GEF Project Management and Information System (PMIS) shows that 25 percent of PIFs approved in GEF-5 for countries that participated in NPFEs had been identified in the NPFDs. In terms of ratio of PIF submitted versus approved PIFs, there is little difference between the proposals that were identified and those that were not identified in the NPFDs.

26. Among the countries that undertook NPFEs some patterns were evident. Compared to the countries that had smaller STAR country allocations (i.e. less than US \$ 30 m), a relatively higher percentage of the total PIF submissions from the countries with larger STAR allocations (US \$ 30 million or more) had been identified in the NPFD documents. Similarly, PIFs for projects identified in the NPFDs were more likely to have been submitted for countries that had identified projects and allocated resources to them commensurate with their STAR allocations.⁵ Of the submitted PIFs a greater percentage had been identified in the NPFEs for countries that had programmed considerably more projects vis-à-vis their STAR allocations.

27. Interviews with the national stakeholders revealed that many project ideas identified in the NPFD were eventually found to be ineligible for GEF funding. Major weaknesses that led to ineligibility include lack of congruence with the GEF priorities, insufficient cofinancing, or an inappropriate GEF funding modality had been specified. Most of the countries where these problems were encountered had low capacities.

Efficiency

Conclusion 6: From an administrative perspective the NPFE was inefficiently executed and not fully in accordance with Council decisions and guidelines.

⁵ Although countries are expected to develop projects for areas that are covered through STAR country allocations and for those that are not covered through allocations, the STAR allocation was used as a proxy for categorization of countries and for analytical purposes.

28. The process and administrative design of the NPFE aspired to strengthen country ownership over decisions on GEF resource programming. In particular, financing modalities were selected for countries to receive resources from the GEF trust fund directly using a “direct access” approach. “Direct Access” in this context for the GEF was interpreted as “recipient executed” or “...the NPFE to be executed by national institutions in recipient countries” and “through a direct access of resources approach”. Under the current NPFE initiative two successive financing modalities have been applied. Initially a Recipient Executed grants procedure was selected, which was later replaced by a Bank Executed Ancillary Expense Agreement (AEA).

29. The initial choice of financing modality (i.e. Recipient Executed grant) caused delays. Especially so during the early stages of NPFE applications, where there was a lack of clarity on the process for recipient countries to receive resources. Extensive consultation and discussions took place among various World Bank departments (legal, trustee, safeguard, procurement, loan department and trust fund accounting), the GEF Secretariat and Trustee to resolve these initial challenges. Consequently, the time frame for undertaking the NPFE was considerably longer than initially envisaged. The average number of days from receipt of application to submission of the NPFE was 400 days, which is longer than the 120-180 days that the Secretariat had anticipated.

30. Several challenges arose from the grants procedure process that resulted in delays. First, there was a high degree of variation amongst recipient countries in navigating the application process, with those unfamiliar with World Bank processes reporting requirements facing greater difficulties and were likely to drop out. Second, processing time of each grant application was longer than anticipated given the large number of World Bank and GEF staff involved at each stage. For example, World Bank Financial Management Specialists were required to review and complete a Financial Management Assessment for all grants. Third, the World Bank requirement that the Ministry of Finance be the main signatory, or delegate authority to sign to the GEF Operational Focal Point’s Ministry (in many instances the Ministry of Environment), created a number of delays depending on the relations between the various ministries in a country. In some cases this discouraged countries from undertaking the NPFE.

31. Setting up a new initiative is not easy, especially if it is burdened with a high level dialogue between the CEO and the World Bank as administrative host of the GEF on the possibilities of “direct access”, which would need to be tested out through this initiative. This influenced the initial choice of a modality that was not suitable. This complicating factor also led to insufficient thinking through of the NPFE process and implementation arrangements. For example, the initial planning failed to take into account the capacity of recipient countries to see through a complex grant approval process – especially for a relatively small grant. The technical support implications at various levels across the Bank (country offices, regional specialists) were also insufficiently identified.

32. A policy shift relating to Project Identification Forms (PIFs) also contributed to extra uncertainty around the NPFE at this point in time. In October 2010, the GEF CEO decided to freeze the submission of Project Identification Forms (PIFs) for a country participating in NPFE until the NPFE process was completed. This stood in direct contrast to the Council document GEF/C.38/7 Reforming the country support program and procedures for implementation, in

which the Council approved the policies and procedures for the NFPEs in the document, which reads: “It will be possible for countries to submit PIF requests to the GEF while the NPFE is being conducted and prior to NPFD finalization”. The PIF policy shift caused delays, which extended beyond the NPFE initiative. While the shift in the policy was intended to ensure consistency with eventual decisions coming out of the NPFE process, it announced a freeze on the project pipeline where the Council had decided that the pipeline should remain open.

33. To address concerns about administrative issues and severe delays under the Recipient Executed grants procedure an alternative financing modality was identified (i.e., Ancillary Expense Agreement). This occurred almost a year after the introduction of the NPFE and the Recipient Executed grants procedure. The switch to Ancillary Expense Agreement (AEA) consolidated the overall process from 36 to seven steps, thereby helping to reduce the complexity of the process and to offer a timelier implementation modality. The change meant a shift from a recipient executed grant to a bank executed “transfer”. This was a significant difference as the recipient executed grant goes through the World Bank’s Loan system, while the Bank executed AEAs are administered directly through accounts payable. However, in World Bank terminology this shift also meant a shift from a “Recipient Executed” to a “Bank Executed” modality.

34. Finding an appropriate financing modality for the small size grant of the NPFE proved challenging. The introduction of the Ancillary Expense Agreement to support NPFE activities was not without controversy. Because of the many discrepancies between what is outlined in the AEA policy and the nature of the NPFE activities a waiver was required to use this modality. The World Bank granted a waiver to the GEF for NPFE for GEF -5, in May 2011. This waiver was necessary as the AEA finance modality is not fully compatible with the NPFE as it includes cost categories that are ineligible for the AEA.

Conclusion 7: The guidance provided on NPFE did not adequately address issues related to eligibility for GEF funding, co-financing requirements, and GEF modalities.

35. The GEF Secretariat focused its initial guidance on addressing administrative issues related to the procedure for Recipient Executed grants. Guidance for the NPFE was very precise in terms of the administrative process laid out and the exact steps for the 36 step modality – and later the seven step process. Feedback from the countries revealed that the GEF Secretariat was very helpful and timely in their support to the countries during the process.

36. With regards to content and process, individual countries were encouraged to customize their own NPFE process. The idea behind this was to be ‘non-prescriptive, to promote country ownership of the planning and decision making process, as well as building country capacity’. Indeed, the guidance explicitly stated that “the NPFE is executed by national institutions without the support of a GEF Agency”⁶.

37. Feedback from Country stakeholders, including 32 Operational Focal points, concerning NPFE guidance focuses on the potential to improve the quality and timing of technical support throughout the NPFE. Lack of guidance was identified as one of the greatest weaknesses during

⁶ Toolkit to access resources under the Country Support Program, September 2012, page 2.

the NPFE process. There was no real focus on practical technical guidance as the NPFE initiative rolled out. Technical support, in terms of having a senior technical officer from the GEF Secretariat participate in the actual NPFE at country level to provide hands-on information on GEF reasoning, co-financing requirements and project eligibility was not common. The evaluation found that only seven of the NPFD submissions stayed within the 10-page limit. There was also lack of clarity in some countries whether GEF Agencies should be involved in the NPFE and if so the extent of their participation.

38. The quality assurance process for final NPFDs was left open, and resulted in some confusion. While the secretariat provided comments on finalized NPFDs, there was no requirement for countries to change accordingly, which led to some confusion between the GEF Agencies, Secretariat and the countries. Final NPFD documents, available on the GEF website, therefore referred to projects which the Secretariat may have suggested were not eligible, needed to be changed or taken out.

RECOMMENDATIONS

Recommendation 1: The NPFE initiative should continue, as it is highly relevant to support countries to address the pre-identification phase of project cycle.

39. The NPFEs are highly relevant to help and support countries to address the pre-identification phase of the project cycle. The period before project concepts enter into the project cycle has long been a cause for concern and has been perceived by many as a reputational risk for the GEF. Many countries program the support they expect from the GEF. Most countries have not done so in the past. NPFEs have been set up to support countries (on a voluntary basis) to program future GEF support. In many countries the NPFE has led to increased coordination and priority setting in future support. New coordination mechanisms have been set up in several countries and more stakeholders have been involved in discussions about future priorities. In principle these exercises, therefore, are highly relevant for filling the gap in programming that is contributing to the perception of weak performance of the GEF.

Recommendation 2: The revised NPFE needs to continue to be implemented by the Secretariat, to maintain neutrality between countries and agencies, and to provide funding for a country led NPFE on a voluntary basis.

40. NPFE should come to countries through a mode that is perceived as neutral. While participation of agencies needs to be encouraged given the role they may play in informing the discussions during the NPFEs on issues related to eligibility for GEF funding and the comparative advantage that they provide, implementation of NPFE by a GEF agency could be perceived as leading to a bias towards the agency that performs this service.

41. The initial problems with the modality of support were caused by trying to create a semblance of “direct access” in the support. The Secretariat has to apply the rules and procedures of its administrative host, the World Bank. In World Bank terminology, direct access pointed to a “recipient-executed” modality, that is complicated and delays support. However, even if the modality was “recipient-executed”, it was not direct access to the GEF trust fund, as in this case the Secretariat would access the GEF trust fund as intermediary. Real direct access was initiated

in GEF-5 through the initiative to broaden the partnership through article 28 of the Instrument, for which Council has set up a rigorous process to accredit agencies. This direct access was never possible nor the intention of the NPFE and convention reporting support that the Secretariat would provide to countries. For NPFE and support to convention reports the only sensible interpretation of what “direct access” would mean would be: not implemented by one of the agencies but through the Secretariat.

42. Implementation of support through the Secretariat would mean that no agency would be involved in the execution of the support but also no agency fee would need to be paid. This is to some extent an illusory saving, as the Secretariat needs to have sufficient resources to execute the support. It nevertheless means that countries receive support on undertaking NPFEs and for reporting to conventions without incurring agency fees, which from a recipient perspective goes a long way in the direction of why they ask for direct access in the first place.

43. The World Bank as administrative host of the GEF and the Secretariat should continue to explore possibilities to choose the most efficient modality of providing support. At the moment this support is operated through a waiver, which is not the ideal situation. This waiver was needed as the emphasis in the negotiations for a long time was on trying to create a form of direct access that would look as much like the article 28 direct access as possible, which was an unrealistic goal to strive for. The NPFE evaluation has enabled further discussions between the administrative host and the Secretariat, which hopefully will result in a streamlined procedure for support in the very near future.

Recommendation 3: It is strongly recommended to support programming exercises at the end of a GEF phase rather than at the start of a new phase, to ensure that countries are ready for the new phase when it starts. The current balance in the NPFE program should be used for NPFE support to especially LDCs and SIDS in 2014.

44. The experience with NPFEs in GEF-5 indicates that they need to be conducted within a narrow time window to be effective. Ideally, they should be undertaken before the next phase of the GEF starts. The replenishment amount may not yet be known at that time, and the size of the STAR allocation thus also is uncertain, but NPFEs are meant to program all support, not just STAR support, and are meant to prioritize support. This could be done within a range of possible STAR allocations. If done before the start of the next phase, it would enable countries and GEF agencies to start preparing PIFs of the highest priorities at the start of the next replenishment phase, rather than with a delay caused by the programming exercise.

45. Due to the relatively low uptake of GEF grants for NPFEs in GEF-5, a sizable amount remains available for NPFEs. It is highly recommended to approve this balance for use in 2014 for NPFEs undertaken in preparation of GEF-6, especially for LDCs and SIDS. The evaluation has demonstrated that especially these groups of countries need further support due to capacity issues, in the governments as well as in stakeholders that need to be involved in NPFEs.

Recommendation 4: The capacity development initiatives of the GEF, including NPFE, NCSA, National Dialogue Initiatives and the Capacity Development Strategy should aim to support a more comprehensive understanding of the GEF in partners and stakeholders at the country level, especially in LDCs and SIDS.

46. As raised above, many countries lacked knowledge of GEF eligibility criteria and skills associated with project development and proposal writing. This should be provided, first and foremost in the guidance for NPFEs. Furthermore, given the capacity issues in many countries, especially LDCs and SIDS, more specific capacity support should be considered in GEF-6 on some of the more technical aspects of the possible GEF support to countries, especially when NPFEs are being conducted. Currently a small amount is available annually for direct support to Operational Focal Points. Broader support to countries, including National Dialogue Initiatives, National Capacity Self-Assessments and the current Capacity Development Strategy could be re-assessed and fine-tuned from this perspective.

47. Many recipient countries, especially middle-income countries and emerging markets countries, have increasing capacities both in the government and in stakeholders to deal with GEF support and to tackle local environmental problems that are of global relevance and have a global environmental impact. While this technical and professional capacity is undoubtedly increasing, especially the LDCs and SIDS continue to face considerable problems that have emerged consistently from the evaluation streams of the Office, most notable country portfolio evaluations but also impact and performance evaluations.

48. This evaluation once again confirms a capacity constraint in LDCs and SIDS. While much can be done to support these countries in further strengthening capacity through medium and full sized projects, SGP and enabling activities, a need remains for specific capacity support for LDCs and SIDS, especially for cross-cutting issues like monitoring and evaluation, results based management, national and technical coordination and GEF related issues like programming and preparation of project concepts. A capacity building strategy for GEF-6 could focus on these countries and the specific support they need on top of capacity building support that is already provided in the operational modalities of the GEF.

Recommendation 5: The NPFE guidelines should address information needs of the countries for programming on topics such as eligibility criteria, cofinancing expectations, and funding modalities.

49. Although the NPFE guidance for GEF-5 provided countries with a solid foundation for administration and conduct of the consultations, it did not provide sufficient detail on technical issues related to: eligibility for GEF funding; cofinancing expectations from the projects; and, appropriate funding modalities for the proposed activities. The guidance should also clarify meanings of several key concepts that are used in the discourse within GEF partnership without a common understanding of the term. These concepts include meaning of ‘portfolio and programmatic approaches’ and also ‘country ownership’.