

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

Agenda Item 08

**MANAGEMENT RESPONSE TO THE MID-TERM EVALUATION OF THE
NATIONAL PORTFOLIO FORMULATION EXERCISE (NPFE)**

(Prepared by the GEF Secretariat)

INTRODUCTION

1. This is the management response to document GEF/ME/C.45/06, *Mid-Term Evaluation of the National Portfolio Formulation Exercise*, undertaken by the GEF Evaluation Office. The Mid-Term Evaluation (MTE) was mandated by the GEF Council at its 38th meeting in July 2010, and provides an independent assessment of the National Portfolio Formulation Exercise (NPFE). The management response focuses on the main conclusions and recommendations.

2. The Mid-Term Evaluation (MTE) has highlighted many of the challenges experienced in implementation of the NPFE. In general the Secretariat appreciates the findings, conclusions and recommendations of the MTE of the NPFE. The GEF Secretariat welcomes the emphasis in the MTE in providing a formative assessment to improve the initiative for GEF-6.

CONCLUSIONS

3. The Secretariat welcomes **Conclusion 1**, which indicates that the NPFE is relevant to the GEF mandate and policies, and is relevant to the country needs. This also contributes considerably to the achievement of primary goals of the Country Support Program lead by the GEF Secretariat in GEF-5: strengthening the capacity of national governments to effectively operate within the GEF system. We agree with the finding that the NPFE was seen as relevant and a beneficial ‘first step’ to build country involvement in portfolio and project development through an improved coordination between different national stakeholders.

4. The Secretariat takes note of **Conclusion 2** that “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”. The Secretariat would like to stress that it worked intensely with the World Bank to identify what was felt to be the best of the existing procedures to apply for direct access.

5. The Secretariat agrees with **Conclusion 3** that highlights how the NPFE initiative enhanced country ownership through consultations with a wide range of stakeholders and through creation of national steering committees. Indeed the Secretariat has been informed that countries perceived the NPFE as a turning point in their relationship with the GEF Agencies as it made them more responsive to country needs. As the Evaluation correctly pointed out, country stakeholders perceived transparency to have increased because of the NPFE.

6. The Secretariat agrees with **Conclusion 4**, which points out the relevance of a structured and systematic approach for country level programming through national steering committees and alignment of GEF support with national strategies.

7. The Secretariat agrees with **Conclusion 5** that countries with lower capacities need more support in identifying projects that are eligible for GEF funding. As such, different capacity building measures are crucial in supporting country ownership and national level programming. Actually several countries included workshops in their NPFEs aiming to enhance the technical capacity at the country level in order to propose eligible project ideas.

8. The Secretariat agrees with **Conclusion 6** that the administrative burden for executing relatively small grants under NPFE was substantive. A large amount of time was spent with the

World Bank colleagues discussing the details of the procedures and how to simplify them. Handholding was the approach in helping the OFPs navigate the system. GEF staff also had a learning curve under severe pressure to get the NPFEs done. While all the technical support implications were identified, there was a lack of understanding of the GEF and the NPFE on different levels, especially at the country offices; though the staff there was always very helpful.

9. While the circumstances described in paragraph 32 of the document are correct, the impact was relatively low. Projects continued to be reviewed and later included in work programs. There are cases where most of the STAR allocation was used before the NPFD was delivered and at least 14 countries submitted PIFs that were cleared while they were still undertaking their NPFEs.

10. The Secretariat takes note of **Conclusion 7** that “The guidance provided on NPFE did not adequately address issues related to eligibility for GEF funding, co-financing requirements, and GEF modalities”. The Secretariat recalls that initial guidelines available in August 2010 focused on how to prepare the NPFE application as well as the suggested content of the NPFD. For other issues referred by the Evaluation such as eligibility, co-financing requirements and GEF modalities, countries were referred to the Programming Document for GEF-5 as well as other policy documents that contained a good description of the above mentioned subjects. In addition, the Secretariat would like to mention that Senior Technical Officers participated in the NPFE discussions at the country level when requested.

RECOMMENDATIONS

11. The Secretariat welcomes **Recommendation 1** that “The NPFE initiative should continue, as it is highly relevant to support countries to address the pre-identification phase of project cycle”. The initial experience from NPFE has been very positive in terms of setting up and / or strengthening coordination mechanisms and involving new stakeholders in discussions about future priorities at country level and should be promoted.

12. The Secretariat agrees with **Recommendation 2** to continue to implement the revised NPFE by the Secretariat, to maintain neutrality between countries and GEF Agencies, and to provide funding for a country led NPFE on a voluntary basis.

13. The Secretariat agrees with **Recommendation 3** 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. In this regard, the Secretariat intends to begin a new round of NPFEs in January 2014 with a view to preparing for GEF-6. The Secretariat agrees that this effort could focus especially on supporting LDCs and SIDS that so request; but the exercise will be available to all interested recipient countries.

14. The Secretariat agrees with **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” and will seek to fine tune the approach as suggested.

15. The Secretariat agrees with **Recommendation 5** in that current NPFE guidelines should be revised to provide countries with more detailed information of key concepts and issues related to project preparation as well as to refine the content of the NPF. To that effect the guidance for the next round of NPFEs will provide more details as suggested.