

## ***Evaluation of the Experience of Executing Agencies under Expanded Opportunities in the GEF***



Participation in the Global Environment Facility (GEF) by agencies other than the three Implementing Agencies (IAs)

was established by the GEF Instrument from the outset. Accordingly, seven Executing Agencies (ExAs) have been granted access to GEF funding within their agreed scope for GEF operations with the aim of increasing global capacity to prepare, implement, and mobilize resources for global environmental projects. The ExAs are as follows:

- African Development Bank
- Asian Development Bank
- European Bank for Reconstruction and Development
- Inter-American Development Bank
- Food and Agriculture Organization of the United Nations
- International Fund for Agricultural Development
- United Nations Industrial Development Organization

The policy recommendations for GEF-4 noted that significant potential for enhancing the involvement of these Agencies remained. This evaluation identifies key barriers to the involvement of the ExAs and provides related recommendations.

### **Findings**

This evaluation reconfirmed findings by past reviews that all the ExAs have both relevant mandates and the technical capabilities to work on environmental matters. It found that the quality of ExA projects proposed for inclusion in the GEF work program is on a par with international quality standards. The ability of the ExAs to source and ensure cofinancing for GEF initiatives is generally similar to that of the IAs. Nevertheless, the ExAs' participation in GEF projects remains low. Of the total project portfolio of the

GEF-3 replenishment, the ExA share was a rather modest 7.9 percent; this includes both direct and indirect access involvement. As of January 2006, there were only 38 approved projects with ExA involvement.

The lack of involvement of the ExAs in the development of new policies, strategies, and programs makes it difficult for them to prepare proposals for new projects. Furthermore, ExAs lack an incentive structure and budget allocations for their enhanced participation.

The evaluation concluded that the ExAs with expanded opportunities face structural constraints in the GEF at two levels:

- The ExAs are not involved as equal partners in the preparation of new GEF policies, strategies, and programs and in the management of the GEF portfolio.
- There is no "level playing field" for the ExAs when preparing project proposals.

### **Recommendations**

The current low level of involvement of the ExAs in the GEF curtails achievement of the expanded opportunities policy in the longer run. To avoid this outcome and improve ExA participation, the following recommendations were made.

- Immediate action can be taken to involve the ExAs consistently in GEF policy and strategy development and decision making.
- The interaction with recipient countries and the preparation of project proposals should provide a level playing field for both IAs and ExAs.

To achieve these ends:

- The ExAs should be invited to participate in executive coordinators meetings. No other decision-making entities should be set up in parallel to existing ones to

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avoid any future transparency issues regarding decision-making processes. Interactions on the Resource Allocation Framework should be fair to all partners in the GEF, and all partners should be invited to take part in consultations.

- When the current GEF Activity Cycle and modalities are revised, care should be taken to remove the barriers and constraints that ExAs face when preparing project proposals. ExAs with direct access in only one focal area should receive direct access to other focal areas based on their comparative advantage. The role of the ExAs in cases of indirect access through joint projects should be recognized.

The evaluation also recommended that the GEF set in motion a longer term process of assessing its core partnership philosophy and the consequences for the GEF structure, and include a final assessment of these issues in the Fourth Overall Performance Study. Any opening up

of the GEF to other agencies with an established track record of collaborating with the GEF through the IAs should be handled more efficiently and less bureaucratically, and should take account of increased requirements for fiduciary standards.

### **Follow-Up**

Some issues discussed in the evaluation have subsequently evolved. The GEF Chief Executive Officer decided in October 2006 to develop proposals to the GEF Council to abolish the corporate budget for IAs, and instead increase the project fee to 10 percent for both IAs and ExAs; this is expected to promote a level playing field among all GEF Agencies. ExAs—particularly the Food and Agriculture Organization and the United Nations Industrial Development Organization—are also to have an “enlarged scope of engagement” with the GEF to reflect their comparative advantages.

The GEF Evaluation Office is an independent entity reporting directly to the GEF Council, mandated to evaluate the focal area programs and priorities of the GEF.

The *Evaluation of the Experience of the Executing Agencies under Expanded Opportunities in the GEF* (Evaluation Report No. 35, 2007) is available on the GEF Evaluation Office Web site at [www.thegef.org](http://www.thegef.org) (in the Publications section). The GEF Management Response is presented in annex D. For more information, please contact the GEF Evaluation Office at [gefevaluation@thegef.org](mailto:gefevaluation@thegef.org).