



OPS4 Technical Document # 5:

Governance of the GEF

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EVALUATION OF GOVERNANCE OF THE GEF

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Acronyms

AfDB	African Development Bank
AsDB	Asian Development Bank
BIS	Bank for International Settlements
CEO	Chief Executive Officer
CGIAR	Consultative Group on International Agricultural Research
COP	Convention of the Parties
CSO	Civil Society organizations
EDB	European Investment Bank
EBRD	European Bank for Reconstruction and Development
EO	GEF Evaluation Office
FAO	Food and Agriculture Organization
IBRD	International Bank for Reconstruction and Development
IFAD	International Fund for Agricultural Development
IADB	Interamerican Development Bank
IFC	International Finance Corporation
IFI	International Finance Institution
ILO	International Labour Organization
IMF	International Monetary Fund
GEF	Global Environment Facility
GEFSEC	GEF Secretariat
NGO	Non –governmental Organization
ODA	Official Development Assistance
OECD	Organization for Economic Co-operation and Development
OPS4	Fourth Overall Performance Study
MEA	Multilateral Environmental Agreements
MIGA	Multilateral Investment Guarantee Agency
RAF	Resource Allocation Framework
STAP	Scientific and Technical Advisory Panel
UN	United Nations
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNIDO	United Nations Industrial Development Organization
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WTO	World Trade Organization

EVALUATION OF GOVERNANCE OF THE GEF

EXECUTIVE SUMMARY

This evaluation looks at the governance of GEF, its institutional structure, its functions and processes. Its objective is to assess whether the governance system of GEF is adequate and up to international standards. It examines the composition, role and performance of the governing bodies; how do they reflect the interests of the membership as a whole; how transparent, efficient, effective and accountable is the decision making process; how governance functions measure to those of other comparable intergovernmental organizations; what is the governance role of the different actors that make up this unique network and partnership system of governance; what is the relationship between governance and management and how is it equipped to respond to the realities and challenges of the 21st century.

In assessing fundamental dimensions of governance: effectiveness; efficiency; transparency; member's inclusiveness, voice and sense of ownership; legitimacy; coherence and accountability, the paper compares GEF governance with that of seventeen other intergovernmental organizations.

The evaluation concludes that in spite of certain limitations and constraints the governance model seems adequate for fulfilling most of the tasks assigned by the Instrument, and compares relatively well with other organizations in terms of representation and transparency, and to some extent effectiveness.

While no major governance structural changes that would alter the fundamentals of the system are recommended, adjustments need to be put in place in order to strengthen the performance of the GEF governing bodies and to align them with the best international governance practices.

A set of recommendations are directed to the strengthening of the governance architecture. Firstly, a major re-organization and definition of the roles and functions of the Assembly, including meetings every two years, in order to enable it to play a more strategic role and contribute to global environmental coherence. Secondly, addressing the current problems faced by Constituencies as a key factor for improving the sense of ownership by members. Thirdly, introducing a clear separation between the governance and management functions, roles and responsibilities

The tensions among different actors in the GEF network-partnership system have a negative impact on its performance and operations. The evaluation recommends that this subject should receive urgent Governmental attention. The Council should address this problem and give orientations as to the specific roles of the GEF Secretariat and the Agencies in a new partnership system. This should take into account that replenishment proposals are now addressing role issues. The evaluation concludes that the partnership concept continues to be valid and relevant to strengthen GEF governance effectiveness.

The evaluation examines the reasons which have impeded a better articulation and coordination between the Conventions and GEF governance. It recommends that this problem be brought to the attention of the GEF highest political body: the Assembly, in its new role.

Finally, the evaluation recommends that the Council should give clear indications regarding a more strategic role for STAP in the Council.

I Introduction

As part of the Fourth Overall Performance Study, (OPS4), this evaluation looks at the governance of GEF, its institutional structure, its functions and processes. Its objective is to assess whether the governance system of GEF is adequate and up to international standards. It examines the composition, role and performance of the governing bodies; how do they reflect the interests of the membership as a whole; how transparent, efficient, effective and accountable is the decision making process; what is the governance role of the different actors that make up this unique network and partnership system of governance; what is the relationship between governance and management and how is it equipped to respond to the realities and challenges of the 21st century.

II Current Governance structure

The architecture of governance is set out in “the Instrument for the Establishment of the Restructured Global Environmental Facility” of the Organization and consists of an Assembly, a Council, the Secretariat, the Implementing and Executing agencies and the Scientific and Technical Advisory Panel (STAP). The Assembly and Council are the governing bodies empowered to take decision. The others, while an integral part of governance, have only an advisory role. As financial mechanism for four international environmental Conventions (Biodiversity, Climate Change, Persistent Organic Pollutants, and Combating Desertification) the GEF helps fund initiatives that assist developing countries in meeting the obligations of the Conventions. GEF also collaborates closely with other treaties, protocols and agreements.

The Assembly is the highest political body of GEF in which representatives of all 177 member countries participate. According to the Instrument it is supposed to meet every three years, although it currently convenes every four years. It is responsible for reviewing and evaluating the GEF’s general policies, strategies and operations, although most of these functions are delegated in practice to the Council. The Assembly keeps the membership under review and admits new members and approves the financial Replenishment process of the organization. It is also responsible for considering and approving proposed amendments to the GEF Instrument.

The Assembly is attended by Ministers and high level government delegations of, in principle, all GEF member countries. It combines plenary meetings with high level panels, exhibits, side events and GEF project site visits.

The Council is the main governing body of the GEF. It functions as an independent board of directors with primary responsibility for developing, adopting and evaluating the operational policies and programmes for GEF financed activities. Council Members representing 32 constituencies (16 from developing countries, 14 from developed countries and 2 from countries with economies in transition) meet twice a year for three days and also conduct business by mail. Each Constituency nominates a Council member and an alternate member, who serves for periods set up by each constituency. They may be reappointed by their respective constituency.

A Co-Chair is elected by the Council at every meeting, alternating between donor and recipient countries. He/she conducts the deliberations on issues related to the Council responsibilities, including the appointment of the CEO, the approval of the administrative budget, the regular evaluation of programmes and the relations with the Conference of the Parties of the Conventions. The GEF CEO is the Chairman of the Council and conducts the deliberations on

issues related to the review and approval of the work programme; guidance to the GEF agencies, the utilization of GEF funds and mobilization of financial resources and the operational modalities of the organization, including strategies and directives for project selection, preparation and execution.

The Council takes decision by consensus. If this proves impossible it has the possibility of resorting to a double weighted majority voting system.

The Council is attended by representatives of the Conventions; GEF Agencies; the GEF Evaluation Office; the STAP and the Trustee, all with a voice but no vote. The Council also accepts the participation as observers of non-governmental organizations and representatives of civil society with voice and no vote.

The Secretariat is responsible for all aspects of the internal day to day business of the organization and its programme of work in line with the decisions of the governing bodies and in conformity with the Instrument. The Secretariat reports directly to the Assembly and the Council through the CEO and Chairperson, and ensures that their decisions are translated into effective action. It coordinates the formulation of projects, included in the annual work programme, oversees its implementation and makes sure that the operational policies and strategies are followed.

The CEO is appointed by the Council to serve for three years and may be reappointed for an additional three year period. As its June 2009 session, the Council proposed to change the Instrument to a four year appointment period with one extension for another four years.

The GEF Agencies consist of the three implementing agencies that were at the origin of the establishment of the GEF, namely: the World Bank (which acts also as Trustee), the UNDP and UNEP, to which have been added seven executing agencies: the EBRD, IADB, AsDB, AfDB, IFAD, FAO and UNIDO. These agencies are responsible for preparing project proposals for GEF funding within their respective areas of comparative advantage and for managing GEF projects. The Agencies are accountable to the Council for their GEF financed activities. The GEF Secretariat acts as the focal point for the coordination of all GEF financed activities of the Agencies.

The Scientific and Technical Advisory Panel (STAP) is mandated to provide strategic, scientific and technical advice to the Council on its strategy and programmes. The Panel consists of six members who are internationally recognized experts in the GEF's Focal areas of work. UNEP provides the STAP's secretariat and operates as the liaison between GEF and the STAP.

The Evaluation Office (EO), established as an independent body from the GEF Secretariat, conducts periodic reviews of GEF's work and publishes lessons learned so that the GEF's effectiveness can be enhanced. Although not mentioned in the Instrument, it is supportive of governance in the GEF.

III Functions of Governance

While there is not a unique, formally agreed, definition of governance for multilateral organizations, in the context of this evaluation Governance is the exercise of political authority by the Member Nations. It is the action or manner of steering or directing an organization, of fixing clear strategic directions, of setting priorities, of providing clear guidance and allocating resources commensurate to the agreed mandates. Another function of governance is the

monitoring of the implementation of governance decisions by those they govern (management) and the evaluation and follow up of their activities.

An evaluation of this function requires an examination of the institutional structure and the formal and informal relationships that govern the organization's decision making processes and activities. How are Governing bodies structured and how do they reflect the interests of the membership as a whole? How are they equipped to respond to the realities and challenges of the 21st century? How are the objectives and goals established? How are policies and strategies achieved? How are decisions taken and priorities defined? How is the budget set? What is the relationship between governance and management? How efficient, effective and "fit for purpose" are the governing bodies? Are governing bodies and management held accountable for their performance? Do governing bodies provide stakeholders with sufficient access to express their views? What is the role of GEF in global governance of the environment? Is STAP advice useful for policy making? Is the network-partnership system of governance based on an articulation of different actors (GEF Agencies), with distinct roles and responsibilities, the best organizational model for the efficient functioning of GEF?

Good governance can contribute to the organization's legitimacy by ensuring appropriate representation for the membership and by facilitating transparency that allows scrutiny by relevant stakeholders. It allows it to fulfil its mandates effectively and efficiently, it renders the organization and its main organs accountable to the membership and provides voice to relevant stakeholders. These four dimensions: effectiveness, efficiency, accountability and voice constitute essential components to be examined in any governance evaluation¹. These dimensions are drawn from codes of good governance in the public and private sectors and from academic literature on governance in multilateral organizations; corporate governance and not – for-profit governance²

IV Methodological Aspects: Analytical Framework and Data Source

The analytical framework which guided the overall evaluation work was based on the following information sources:

1. Analysis of all relevant sources of information related to governance. This included: the GEF Instrument; Council documents and Reports of Council sessions; GEF Annual Performance Reports 2005, 2006 and 2007; OPS3: Progressing Toward Environmental Results; GEF Evaluation Office Publications (2004 -2008), a selected number of GEF Country Portfolio Evaluations. It also included an extensive bibliography related to best practices in governance as well as governance issues, from several national governments, international organizations, academics, public and private institutes as well as NGO's.
2. Benchmarking of GEF governance to that of other comparable or relevant international organizations:

¹ Governance of the IMF – An Evaluation . IEO of the IMF 2008. Executive Boards in International Organizations; Lessons for strengthening IMG Governance – Leonardo Martinez –Diaz; IEO of the IMF Background paper, May 2008.

² Some important references are contained in Governance of the IMF , Chapter 2 page 4 in particular footnotes 3 and 4 . See also : Best Practices in Governance , Sholto Cross, internal working paper prepared for the Independent External Evaluation of FAO, January 2007 and the Reference Section at the end of this document.

The governing bodies of the following organizations were examined: World Bank; International Monetary Fund; International Finance Corporation; Multilateral Investment Guarantee Agency; African Development Bank; Inter-American Development Bank; Asian Development Bank; European Bank for Reconstruction and Development; European Investment Bank; Bank for International Settlements; Consultative Group on International Agricultural Research; United Nations Development Programme; Food and Agriculture Organization; World Health Organization; World Intellectual Property Organization; International Labour Organization; World Trade Organization and Organization for Economic Cooperation and Development.

3. Analysis of GEF Decisions and guidance from Council decisions as reported in the Joint Summary of the Chairs.
4. Desk Review of Follow up of Council Decisions.
5. Personal Interviews conducted on Governance issues:

- 31 of the 32 Council Members and 4 Alternates (or designated representatives)
- Representative sample of 30 Country Members of all constituencies (GEF Political or Operational Focal Points) not sitting at Council meetings.
- CEO, Director and other Senior Staff Members of GEFSEC and GEFO
- Executive Coordinators or their designated representatives of the ten Implementing and Executing Agencies.
- Heads of the Secretariats of the Conventions (or their designated representatives)
- List of selected distinguished persons related to the organization and other influential stakeholders in GEF activities, including private sector and NGO's.

6. Participation in the June 2009 GEF Council Meeting.
7. Participation in June 2009 CSO Consultation meeting.
8. Participation in June 2009 Replenishment Meeting.
9. Development of specific Governance questionnaire sent to all GEF Member countries.
10. Analysis of qualitative and quantitative data using proper analytical tools and techniques.
11. Regular consultations with Coordinators of other Clusters being evaluated in OPS4.
12. Assessment of results based on evidence.

V. Benchmarking of GEF Governance with the Governing Bodies of Other Intergovernmental Organizations

This part of the evaluation is largely based on an existing and extremely relevant study by Leonardo Martinez –Diaz from the Brooking Institution³, in which he compares and contrasts the IMF Executive Board with the executive boards of eleven other intergovernmental organizations, including GEF.

The sample includes six Multilateral Development Banks: World Bank, Asian Development Bank, African Development Bank, Inter-American Development Bank and European Development Bank whose governance structures closely resemble that of the IMF. It also includes the Bank for International Settlements (BIS), the European Investment Bank (EIB) and the Organization for Economic Cooperation and Development (OECD) who, like the IMF, are involved in the surveillance of international financial markets, investment and national economic policies, respectively. The author also included the Global Environmental Facility, whose governance structure has some common elements with the financial institutions mentioned above, although most of its financing is disbursed as grants. Finally, the sample covers the United Nations Development Programme (UNDP) and the World Health Organization (WHO), two United Nations organizations which have near-universal membership and which like the IMF provide technical assistance.

The paper assesses how the boards of the eleven organizations reviewed are equipped to play four key governance roles: political counterweight; performance policy; democratic forum and strategic thinker.

It identifies three models of governance, each with different strengths and weaknesses. The IMF, together with the other five multilateral development organizations mentioned above is classified as “the delegate and control model.” The central feature of this model is that power and representation are delegated to a relatively small executive board that exercises close control over the activities of the institution and a decision making mechanism based on weighted voting. The Head of the organization is also chairman of the Board. This model has proven to be an effective way to ensure a strong political counterweight role for the Board and to guarantee major shareholders that they will have control over the use of the resources they provide. However these functions come at the expense of the Board’s capacity to play the other three roles identified: as strategic thinker, as performance policy and as democratic forum.

The EIB, BIS and OECD are classified within the “Direct representation model.” Here, all members are directly represented in the executive boards; they meet generally once a month and have voting systems that rely completely on the principle of one-nation-one vote or some form of double majority vote. The CEO, with the exception of BIS is also chairman of the board. The characteristics of this model are that their political counterweight role is certainly weaker than the delegate and control model. On the other hand they are better equipped for strategic thinking and performance police. These institutions have strong credentials as democratic fora.

The third model is called: “constituency- based oversight model” in which the author includes the GEF together with UNDP and WHO. As in the IMF governance model, member countries delegate power to non-plenary boards, and members are represented through constituencies.

³ Executive Boards in Internacional Organizations: Lessons for Strenghthening IMF Governance. Leonardo Martinez –Diaz, the Brookings Institution: Background Paper by the Independent Evaluation Office of the International Monetary Fund. September 2008.

However, executive bodies are much larger than in the case of the delegate and control model. The boards are non resident and only meet twice or three times a year. Decisions are based in one-nation-one –vote in the case of the UN organizations and double majority voting in the case of GEF. Another difference is that while in the UN system you have separate CEO and board Chairs, this is not the case in the GEF where the CEO chairs the Council meetings with a Council member as co-chair. The author of the paper concludes that this model rates strongly in terms of democratic forum; medium in terms of performance police and rates weak in terms of political counterweight and strategic thinker.

The paper concludes that organizations trying to balance the four key governance roles envisaged must make choices that inevitably strengthen some board roles but weaken others.

In the current evaluation we have extended our coverage to six additional intergovernmental organizations: MIGA, IFC, CGIAR, FAO, WIPO and WTO as well as some other aspects of governance, since we felt they provide further evidence of where GEF fits in this wide range of comparable intergovernmental organizations. It also suggests directions for strengthening its governance role.

Our evaluation complements that of Martinez-Diaz with regards to GEF, and goes deeper into some fundamental dimensions of governance such as: effectiveness, efficiency, transparency, member's voice or sense of ownership and accountability. (See comparative Table in Annex 1)

The results of our findings and conclusions are described below.

VI. Findings and Conclusions - The Working of the Governing Bodies

A. Structure of Governance

In this section we will present evaluation findings with respect to the various governing bodies.

Assembly: While the GEF Instrument indicates that the Assembly should meet every three years, in practice it has been convened every four years. This practice has been followed largely to make its meetings coincide with the four year financial Replenishment processes of the GEF. A review of the activities of the Assembly reveals that they have been largely formal and ceremonial and that it has delegated most of its powers to the Council. This delegation however does not imply that the Members have abdicated their overall responsibility for stewardship of the organization.

The interviews bring out that sixty percent of GEF Members (71% if only Recipient members are considered) 4 were of the opinion that the Assembly should meet more often than the current four years. A number of reasons were given to that effect. Firstly; the fast evolving landscape and growing world environmental agenda require more regular high level intergovernmental discussion. Secondly, GEF has to follow up and adjust to the exceedingly diverse and complex framework which relates to global environmental governance. Thirdly, the need to keep track with the Conventions decisions, programmes and priorities. Fourthly, the necessity for more involvement by the membership as a whole in the design of GEF policies and strategies. Fifthly,

⁴ 87% of all respondents in the questionnaire were also in favour. The questionnaire received an 11% response only which makes it of limited value. However, this limitation is balanced by the interviews to a large and representative sample of GEF members mentioned above, which were conducted on the basis of a uniform and broader questionnaire, which provided reliable, statistically quantifiable and evidence based information.

the inadequacy of GEF global visibility, and the necessity by the organization of having a larger voice in the definition of the post Kyoto financial architecture.

The resort to more regular meetings was however conditioned to the strengthening of the Assembly's policy and strategic role. The findings indicate that the Assembly, as currently conceived, is not playing an effective role, it does not provide strategic direction and has contributed little to GEF governance and is not cost-effective. A re-definition of its traditional role, including a major reshaping of its agenda would be required in order to stimulate debate among Ministers on priority issues and pressing new challenges. Efforts should be displayed to guarantee the participation of key players and actors in the environmental field, such as the Chairs of Conventions and heads of its secretariats, as well as heads of international and regional organizations dealing with environmental issues and programmes.

The only argument advocated against the convening of more regular Assembly meetings was its cost. It was felt however, that this would be compensated by the Assembly playing a more effective role.

Council: The first question addressed in the evaluation was whether the structure and composition of the Council was balanced and equitable? .GEF has a membership of 177 countries divided into 32 constituencies: 18 composed of recipient countries and 14 composed principally of non recipient countries.⁵ The majority answer registered in the interviews (76%), was that this composition is “geographically” balanced. The notion does not imply political or power balance, and the question of equity will be addressed in the next section dealing with decision making.

Within the developing world, Africa holds six seats in the Council, Asia and Pacific six, and Latin America and the Caribbean four. This distribution is acceptable to all concerned.

The GEF Council with 32 members is the third largest, after the UNDP (36) and WHO (34), of all the other organization's executive boards analysed in this evaluation⁶. This large number of members has a number of drawbacks from an operational governance point of view. For example, it makes it more difficult than in smaller boards examined, to achieve efficient decision making and engage in strategic planning. At the same time, however, it represents a better regional balance in terms of representation and opportunity for members to have their views considered in the decision making process.

Sixty-nine percent felt that this model is adequate for fulfilling the tasks assigned by the Instrument and compares relatively well with other organizations in terms of transparency and effectiveness. Most members agree that it would be politically difficult trying to negotiate a smaller, more executive Council. Eighty-four percent felt that no major structural changes in the governance should be envisaged but that some institutional adjustments were needed. The reform should bring improvements to the governance without altering the fundamentals of the system.

With regards to developing countries **constituencies**, the findings show that their performance varies considerably. While a few seem to be working satisfactorily, the majority do not. There was dissatisfaction expressed by the recipient countries in general (74%) and in particular those

⁵ There is a mixed constituency of donor (Switzerland) and recipients from central Asia.

⁶ The WTO was not considered here, since it does not have an executive type Board like the other organizations examined. Decision making in the General Council or other governing bodies always involves representatives from all the 153 members.

not sitting in the Council (87%) with the composition, operations, and performance of constituencies.

Since all developing countries⁷ are represented on the Council as part of multi-country constituencies, the practices within constituencies are critical to the quality of the member's representation. Some are too big, ineffective and the needs of its members are too heterogeneous to formulate a common platform. Some other complains refer to the sporadic nature of their meetings, to the inadequacy of the flow of information or consultation among its members, to the ineffectiveness of the rotation system, to the failure of their needs being taken into account by their constituency representatives at GEF Council meetings. They also point out that the money allocated by GEF to constituencies is not sufficient to perform their role and that they do not get the personalized technical GEF support that they require.

The findings and conclusions point to the need to address the problems faced by constituencies as a key to improve the sense of ownership in GEF governance by a large number of Members that feel that their needs and interests are ignored or not properly dealt with. There is a demand for the Council to establish guidelines and criteria regarding their operations that will result in egalitarian rotating schemes in most constituencies. Membership should no longer be held exclusively by the largest vote-holding member of the constituency, as it is the case in many of them, but should rotate equally among all members regardless of voting weight. The advantage will be a much enhanced voice and sense of ownership of the institution by small holders.

While the constituencies have been distributed to achieve geographical balance, a number of them are definitely too big and group countries which have little in common. This problem needs to be addressed. The larger the constituency (16 countries in the case of the Caribbean constituency, 14 with regard to Pacific Islands), the greater are the demands placed on the time and resources of the Council Member to represent their interests and make their voice heard effectively at the Council. On the other hand, ten constituencies are single countries, in particular the largest donors.

In order to play a more effective role, Constituencies should meet more often and have a better flow of information among its members. They should develop rules and disciplines and act in a more systematic and integrated manner over and above Council meetings. The US\$ 2000 they receive from GEF is considered insufficient to cover the costs associated with the convening of meetings. Constituencies should be more active and make recommendations for the setting of Council meetings agendas.

Eighty-four percent of members expressed their preference to keep the number of Council Members - and thus of constituencies - as it is. However, having long past the level of what in best governance practices is considered an ideal number (not more than 12 Board Members)⁸, the marginal efficiency loss of adding one or a few more Council members might be outweighed by the gains in voice, representation and sense of ownership.

However, if the preferred option is to retain the current number of Council Members, then there will be a need to review single country seats. The Council could impose a cap on the number of countries that can be represented by a single Member, forcing some countries to migrate to other constituencies.

⁷ With the exception of China and Iran.

⁸ Carter and Lorsch. Executive Boards and Corporate governance, 2003,

Eighty-seven percent of members interviewed were satisfied with two annual meetings of the Council and considered they were adequate for fulfilling the governance tasks. Those that felt otherwise considered that two meetings were not enough to perform the functions of oversight and monitoring.

A number of Members expressed concern with the growing tendency by the Secretariat to address the approval of important substantive decisions by mail, outside Council meetings, without the proper discussion the issues required. One possibility to be explored in order to discourage such a practice would be the convening of a third annual session or a special session of the Council to deal with outstanding substantive issues.

There was no support expressed in the interviews for convening a third session of the Council. At most, it was argued, that one of the current Council sessions could be extended by one day. More than three quarters of members were not in favour of establishing standing or ad hoc Council Committees to devote more time to policy or strategic issues.

While these findings express the sentiments of the Members regarding additional Council meetings or the convening of Council Committees, they are not in line with what the evaluation considers more efficient and effective forms of governance.

B. Decision Making

As mentioned above, the general perception is that GEF governance is relatively balanced in geographical terms, and compares well with most of the other organizations systems of governance reviewed in this evaluation. This does not imply that members have equal voting or political power. It means rather, that all members of the Council enjoy an equal right to speak and be heard. The Council serves as a forum for giving voice to the views of individual members. Decisions are judged legitimate only if they are arrived at through a process of deliberation in which all voices, interests and concerns can be heard and considered.⁹ Good governance should appropriately balance the interests of all members to optimize value.

In practice however there is recognition that Donor Members, and in particular the larger ones, have a significant influence in governance. This is mostly secured through the decisions that are taken in the Replenishment process. This was confirmed in governance interviews which revealed that 74% felt that the strategic objectives and programme priorities decided by the GEF Council were largely influenced by the replenishment process negotiated by donors.

This trend is considered inevitable by most members: both donors and recipients. On the one hand, those who contribute the bulk of financial resources will only do so if they can be assured a certain degree of control over their use. On the other, recipient countries which are on the receiving end of GEF grants for the finance of important national or regional environmental projects, seemed resigned to this reality and are not willing to challenge it openly.

The democratic deficit of the replenishment process has been improved to some extent, by the decision of the Council at its June 2009 meeting, to allow the participation of four representatives of recipient countries as well as two representatives of civil society in its future meeting. Donors argue that while the major strategies may be decided at the replenishment meetings, they have to be subsequently discussed and approved by the Council, which in general, does not limit itself to rubber stamp them.

⁹ The decision taken on the establishment of the RAF, was mentioned as one example of decision pushed forward by a minority of members without proper Council deliberation.

With regards to member's voice or representation, it is clear that a board with a one-country-one-vote system such as those functioning in UNDP, WHO and FAO most closely conforms to the ideal of a democratic forum. The democratic character diminishes as voting power becomes more concentrated. In the organizations examined by this evaluation, this is the case in most international financial institutions, such as: World Bank, IMF and all Regional Development Banks. Their executive boards have a weighted majority voting decision making process, which is related to the member's share of the financial stock held. The majority voting power is dominated by relatively few Members who may exercise considerable influence. This decision making pattern has significant influence in the governance system, since the larger the number of members needed to secure a majority decision, the greater the incentive of members to consider the views of the rest of the membership.

GEF governance can be considered in the middle of the road between these two situations. Decision making is based on a double majority: 60 percent majority of the total number of Participants and a 60 percent majority of the total financial contributions expressed in voting powers assigned to members. Double majority voting magnifies the voice of smaller members and guard against powerful minorities pushing through decisions opposed by the majority of members. It balances the power of numbers versus the power of financial contributions.

In practice, decision making is by consensus and the Council has never resorted to voting. The decisions taken by the Replenishment process have to be considered and approved by the Council. This could be considered to balance to a certain degree, the large influence by donors mentioned above, although the preponderance of the weighted votes has a large influence in decision making, even if no votes are formally cast.

How decisions are reached depends also on the judgement of the CEO who chairs the Council as well as the elected co-Chair at each session, who will determine during meetings when consensus has been reached (unanimity, broad agreement, simple majority, etc). The Co-chairs should have an explicit mandate and incentives to stimulate and facilitate broad debate, as well as to protect the rights of minorities or dissenting voices.

Fifty-eight percent of Council recipient members indicate that the Joint Summary of the Chairs during Council meetings covers adequately the views they had expressed during the adoption of Decisions.

The comprehensive round of interviews also provides perceptions regarding other aspects of the performance of the Council:

- The Council fulfils its role as determined in the GEF Instrument (74%).
- The Council demonstrate transparency in decision making (69%)
- The Council should concentrate its focus primarily on policies and strategies (82%)
- The Council is too much involved in micromanagement (70%)
- The GEF Council is too project oriented (61%)
- GEF financial resources are allocated in accordance with well defined criteria (46%)
- The GEF governance model is able to reconcile different country interests and different political perspectives. (61%)
- There is a high level of trust among Council Members (67%)
- The influence of GEF Agencies in GEF policy making is low (79%)
- Conventions have little voice in GEF decision making (83%)

- There is no institutionalized mechanism for rendering the Council accountable (53%)
- Council does not provide effective oversight over management (57%)

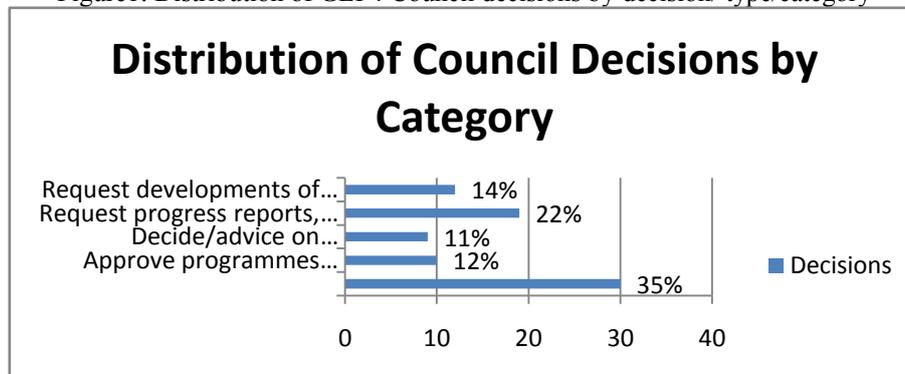
While most members agree that the Council should concentrate on strategy and not stray into management, some of the largest contributors have a keen interest that the Council continues to monitor – or at least continues to be involved – in the project cycle of all the GEF financed projects. While these two functions foreseen in the GEF Instrument may well complement each other in the exercise of good governance, they also give rise to difficult trade-offs in the light of the relatively short periods of time the Council meets.

As seen, four-fifths of respondents feel that the GEF Council should concentrate on strategies and policies and focus on global benefits. The development of projects reflecting national priorities should largely be left to the agencies.

While more than two-thirds of members are of the opinion that the Council engages into too much micromanagement, an assessment of this result depends very much on what countries consider as micromanagement. For example many countries consider the time devoted to project appraisal by the Council as micromanagement, while others consider it as an essential function of governance foreseen in the Instrument. Others consider micromanagement as an unnecessary involvement by the Council on issues that should be left to management. These divergent interpretations distort somewhat the predominant picture that emerges on this issue.

The analysis carried out by the evaluation regarding the content of all decisions approved by the Council in the GEF 4 period, does not show excessive micromanagement.

Figure1: Distribution of GEF4 Council decisions by decision/ type/category



We are however aware of the limitations of such a conclusion, since this exercise is based on the Joint Summary of the Chairs at the end of each Council Session. As such, it does not reflect what may have actually happened during the discussions at Council sessions which were not the subject of decisions

Similarly, the June 2009 Council meeting attended by the evaluator sustained the impression that the deliberations concentrated more on questions of policy than management.

The responses by members only indicate that a small majority believed that the Council is insufficiently involved in providing oversight of management or saw shortcomings in management accountability, when in fact it had no mechanisms in place to evaluate the performance of management. . However, it must be pointed out that the interviews were carried out before the June 2009 Council session, where a Decision was taken to establish an annual

performance appraisal process for the GEF CEO/Chairperson as well as the EO Director. No decision was taken by the Council to establish a mechanism to evaluate its own performance.

Less than half of the responses consider that GEF resources are allocated in accordance to well defined criteria. This response may be influenced to a certain extent by the dissatisfaction among a large number of members with the current system of RAF allocations.

As to the level of representation of countries in GEF governing bodies, the general feeling one derives from all the interviews undertaken by the evaluation, is that this has been gradually diminishing with the years. The evaluation could not confirm this perception. An assessment of the June 2009 Council meeting shows that most participants were at the level of Director or Deputy Director General or Head of Department in the Ministries of the Environment, Cooperation, Natural Resources, Economy and Finance or Foreign Affairs; Executive or Alternate Directors of the World Bank or Senior Advisors.

C. Governance and Management

Analysis of the contents emanating from the interviews showed that 75 percent or more were satisfied with:

- (a) The number, timing, frequency, duration, conduct and servicing of Council meetings from GEF Secretariat.
- (b) GEF Secretariat efficiency in providing support to GEF Council (reliable, sufficient and timely flow of information), which enabled it to perform effectively.
- (c) Transparency with regards to the availability of GEF documents to the public, access to website, etc.).
- (d) The positive influence played by the CEO in restoring GEF to its legitimate place and standing in GEF's network system of governance. In particular, most recipient countries feel that the CEO has been functioning effectively in trying to favour at country level greater ownership of programmes and projects by developing countries.

This evidence suggests that the large majority of members are satisfied with the information and timeliness being provided by the secretariat with regards to global governance. Similarly, there is a great deal of satisfaction with the transparency in the flow of information from GEF to the public. At the same time, sixty-nine percent considered that the CEO has a large influence in governance.

A number of limitations are accounted for by the evaluation in connection to the support received by members at country and regional levels. The majority of developing country members feel that GEF should give a much more intensive personalized support to the GEF operational and political focal points as well as to constituencies. This would also improve their capacity to ensure that their comprehensive environmental needs are better reflected in GEF governance. Current financial support devoted by the secretariat to these purposes was clearly insufficient. GEF support should also be directed to help focal points in improving national coordination.

One fundamental rule of good governance that needs to be addressed is the lack of a clear definition by both governance and management of their respective functions, roles and

responsibilities. At present, we witness an overlap of these roles, with management assuming some of the prerogatives of governance and the governing bodies involving themselves in the micro-management of the organization.

Governance should govern and provide leadership, and management should service governance, and execute its decisions. This clear division of duties, that have gained broad consensus and recognition in governance structures across the world, does not exist in the GEF, or is not observed.

There are at least two reasons that explain why this clear separation of duties and functions has not taken place. Firstly, in the type of governance models such as the GEF Council, where its members are not resident and meet only twice a year for limited periods of time, there is a general tendency for Members to rely on the CEO to think about strategy and make concrete proposals to the Council. As a result, the leadership role in putting forward policy initiatives is shifted from governance to management. The Council limits its role to review and approve decisions by management on the basis of relatively superficial discussion among its members.

Secondly, and certainly most important, if the CEO also acts as the Chairman of the Council – as in the case of GEF and most other international or regional financial institutions – the fusion of governance and management roles and lines of responsibility become blurred. In her dual role as CEO and Chair of the Council, the CEO does not – as it should – simply take the Council decisions and execute them. The CEO helps to shape these decisions by setting the agenda; submitting the draft decisions for Council approval, conducting as Chair the Council deliberations and ultimately determining when a decision has been reached.

This unclear delineation of actions and responsibilities between governance and management prevents the Council to fulfil another very important governance responsibility: that of evaluating the performance of the CEO. In the current circumstances, to do so, would mean passing judgement on its own performance, generating a conflict of interest. The decision taken by the June 2009 GEF Council, to establish a system for a performance appraisal of the CEO constitutes a step in the right direction and obliges governance to assume its responsibility.

The comparative analysis carried out by the evaluation between the GEF and other selected intergovernmental organizations, shows that the separation of the CEO and Board chair roles, such as in the case of all UN agencies examined, as well as the BIS and WTO, produces clear lines of responsibility, where governance governs and supervises and the CEO implements. It also strengthens the structural checks and balances that should exist between governance and management.

This separation of functions and independence of the governing bodies from management is currently being implemented as a central feature of governance in all UN bodies as well as a growing number of other international and regional organizations (with the exception of financial institutions), or is a central component of the processes of governance reforms being pursued by others. This convergent trend allows us to speak meaningfully of emerging best practices in multilateral governance.

Proper governance does not only require that the Boards exercises a proper function of guidance and regulation over management but also that, as a collective body, it gives strategic planning and direction setting as to the policies and programmes of the organization, standing above the pursuit of the particular interests of the larger more influential members. This is very much the

thrust and direction of the current reform of the UN system itself, where a high priority is given to governance reform in terms of ownership, effectiveness, transparency and coherence.

In the case of all international financial institutions examined, including GEF, the actions of the Board and CEO are not easily separable and decision making is over-dominated by management. With the exception of the CGIAR and the recent decision by GEF, in all the financial institutions whose governance system was reviewed by this evaluation, as well as some other organizations examined, there is no process for evaluating the CEO envisaged. We consider this a serious shortcoming.

In the private and nonprofit sector, the performance of the CEO is a central feature of Board functions. Ninety-six percent of the S&P 500 firms have a formal process to evaluate the CEO's performance on an annual basis. Eighty percent of non-profit executive boards in the USA follow the same practice¹⁰. While we acknowledge the differences between public and private sectors in terms of constitution, purposes and responsibilities, clear lines of accountability and robust oversight of performance and results are also being adopted by national governments as well as a growing number of international and regional organizations.¹¹

At present the GEF Council and the CEO acting as Chair exercise separate but closely related powers. In theory, the Council should be responsible for determining the precise scope of the CEO's powers. In practice however, this is not a neat distinction. Granted, there is a certain difference between GEF and other IFI's examined in this evaluation, in the sense that the GEF CEO "Co- chairs" the Council meeting with an elected Co-Chair from among Council Members, and conducts the proceedings on some agenda items only. In reality, an objective analysis of the Instrument, which clearly spells out which are the Council functions that should be conducted by the CEO, as compared to those assigned to the elected co-Chair, indicates that the CEO is in command on the most substantive governance issues. Our presence at the June 2009 Council meeting certainly reaffirmed our position on this matter.

One legal argument that has been advanced justifying the necessity for the CEO being at the same time the Chair of the GEF Council, is the relationship of GEF with the Conventions. Currently the Conventions have Memoranda of Understanding with the Council, not with the implementing agencies or the Trustee. The latter are legal entities – the Council is not – and thus the Council could not sign an agreement with the Conventions. The CEO could do so on behalf of the Council as Chair of the Council. Not prejudging the validity of the argument, we are not convinced that this should pose an insurmountable problem to deal with the notion of the separation of functions between governance and management. It is not our intention to explore here the best legal manner in which to address this issue. One approach would be for the Council to entrust and authorize the CEO of signing agreements on their behalf (a familiar practice in most international organizations). Another way would be to amend the Instrument to authorize the elected Chairman of the Council to exercise this function.

The separation and proper performance of the functions of governance on the one hand, and management on the other, is perhaps the major contribution that can be made to aligning the GEF with the best international governance practices. We recognize it is a politically sensitive

¹⁰ See Executive Boards in International Organizations, Leonardo Martinez-Diaz, Brookings Institution , Background Paper by the IEO of the IMF, May 2008.

¹¹ The shift to a concern with governance by the international community has operated at a number of levels and has been driven by a variety of concerns. At the multilateral level, the reforms that have or are being instituted in a range of institutions such as CGIAR, WHO, FAO and WFP, and actively under discussion for the UN system as a whole, provide an important background for the evaluation of governance functions in other organizations.

issue, in particular when considering that currently other international financial institutions are adhering to this unhealthy practice. In our view, this is no excuse for inaction. It is an urgent issue that needs to be addressed if the objective is to strengthen GEF governance. This is a question of principle, and in no way can it be interpreted as passing judgement on the way the current CEO is performing her duties. As has been mentioned before, the evidence collected tends to be quite favourable regarding her performance. A number of measures can be envisaged in that direction and we will revert to this issue in the recommendations section.

D. Governance and GEF Agencies

The GEF was not conceived as a new institution but rather as a multilateral funding mechanism for global environmental conventions, that would build on proven institutional structures such as the UNDP, UNEP and the World Bank. In so doing it would assure cost effectiveness, avoid fragmentation and benefit from the regular programming and field presence and networks of existing multilateral agencies.

GEF was established as a multilateral fund to provide “new and additional funding for achieving global environmental benefits” related to the multilateral environmental agreements (MEA), namely in the areas of biological diversity, climate change, international waters, land degradation, primarily desertification and deforestation; ozone layer depletion and persistent organic pollutants¹². It was also envisaged as an institution providing a unique link between the International financial institutions system and the UN system.

GEF presented from its inception a unique system of governance made up of a network of a diverse group of partners playing a variety of roles. The responsibility for the accomplishment of GEF goals was shared among the multiple entities under the umbrella of a partnership agreement. The partnership concept has been crucial for GEF performance and continues to have full relevance today.

Since the GEF creation the global environmental challenges have grown and become more urgent and the links between environmental problems and constraints on development including poverty have become apparent. Climate change has gradually become a serious threat to the planets survival as well as to sustainable development.

The concept of GEF partnership has also evolved since the early days suffering a number of adjustments. Originally, the three implementing agencies and in particular the World Bank exerted a great deal of power in the conduct of business, in the design of GEF policies and strategies, and in its operational activities. This early network system was particularly beneficial for the agencies which were in the driver’s seat, but did not necessarily serve either the Council or its members well, particularly the smaller countries. Over the years the agencies have seen their roles and responsibilities weakened throughout the GEF business cycle. A series of operational changes have gradually increased the functions of the GEF Secretariat, a factor that, as seen, was originally welcomed by the membership as restoring a certain balance among the actors, and legitimizing GEF role. However, as the discretionary powers of the Secretariat increased in the course of time, the roles and responsibilities of the different partners have become blurred, leading to duplications of tasks between the work of the GEF Secretariat and the agencies. This situation, aggravated by questions of character, style, personality and power politics between the major players in the partnership, have created distrust, conflicts and tensions which are having a negative impact on governance and that need to be addressed.

¹² GEF Instrument paragraph 2

We are witnessing a new imbalance in the partnership between the agencies and the Secretariat. The agencies feel they are pushed into a project delivery rather than a partnership role and this creates disincentives to their collaboration. This is likely to undermine the bases of participation, transparency, predictability, inclusiveness and mutual support on which the partnership was founded.

The advantages of the partnership are not likely to continue unless governance intervenes and provides new guidance as to the roles and functions of the different actors.

GEF agencies are part of governance and sit at all Council meetings with voice but no vote. The original three implementing agencies would like to have a more active role and voice in governance and better opportunities to discuss concerns, share their experiences and participate in debates, rather than answering questions when requested to do so, as is the current practice. At least two of them, would like to have greater voice and vote in Council on governance issues, a notion which is firmly rejected by members of the Council (87%) who consider that the current role of agencies in GEF governance is adequate. They are advisory bodies not decision makers. As such they should not have a role in decisions.

The other seven Executing agencies seem to be relatively satisfied with their current role in GEF. They see the GEF basically as a source of finance. They welcome the efforts of the CEO to integrate them at the same level as the original implementing agencies, although they still see some differential treatment. They would very much like to be considered partners rather than project contractors.

All Agencies consider that being a partner comes at a high cost and no agency receives full cost recovery for its services. With the current financial modalities for agencies, and the inefficiencies in the project cycle, agencies report that they put more into GEF than what they receive back.

GEF agencies consider that the current centralized approach used by GEF regarding projects and programmes is not cost effective and is counterproductive. They also feel that the Council is too much project oriented and excessively influenced by the CEO.

They acknowledge the fact that they have very little influence in governance decision making.

Each Agency prefers to keep its individual identity in the Council and not be represented by another organization – as has been suggested – i.e. the World Bank speaking for IFI's and UNDP for the UN system organizations.

All agencies consider that the current GEF Project cycle continues to be a source of great concern. The dual process of approvals, checks and balances is too long, expensive and has high transaction costs. They express that the record shows that for non-GEF projects financed activities they can provide support in a faster and more responsive manner. They feel strongly that the Agencies should be allowed to use their own project cycles and approval procedures, with simple results based portfolio monitoring from the Secretariat (as currently done in the MLF). The Council should hold the Agencies accountable for major outcomes and results. The current replenishment proposals are looking at the notion of delegated authority for Agencies in which Boards take project decisions.

There is a need to improve efficiency and effectiveness of GEF operations and this call for renewed efforts to streamline the project cycle and to enhance the GEF programmatic approach. Governance should pay special attention to this aspect when addressing the roles and

responsibilities of the various actors in the redefinition of a new partnership (see Recommendation 4).

The evaluation has registered a great deal of dissatisfaction with the operation of Agencies at the country level. Close to two-thirds of beneficiaries expressed a high level of frustration by the way they are treated by agencies. Their perception is that Agencies seem to be more interested in selling their projects than by attending to the needs of the recipient countries. Currently, a great deal of GEF financed activities are not demand driven but reflect the priorities of the agencies. Moreover the RAF has been detrimental to the execution of small projects since the agencies are not interested in implementing them.

The findings of the evaluation point to the recognition that GEF Agencies have a key role to play in the implementation of operational policies, strategies and decisions of the Council within their respective spheres of competence that needs to be preserved (77%). The evaluation concludes that the partnership- network system of GEF remains relevant and is probably more needed than ever before. The system should not be changed, and in this endeavour, GEF should give incentives to combine the strengths of all entities

In a world, with increasing competing demands and faced by a financial crisis and global recession, the need to be cost effective to tackle growing environmental challenges remains an imperative. We need to capitalize on all existing capacities and expertise at GEFs disposal. The GEF network mechanism was visionary in anticipating the multi dimensional, multi convention and multi –stakeholder context we now observe¹³

There is ample room for more active utilization of the capacities, systems and networks of the agencies in support of the GEF mandate, and for the Secretariat to support the Council in policy and strategy development, bridging practical and political aspects, and monitoring at portfolio level.

The partnership allows GEF to bring together various stakeholders that include beneficiaries, communities, NGO, governments and international organizations to achieve global environmental benefits. Developing countries vary in their needs and priorities and therefore need access to a variety of types of support for different purposes. The GEF as a network facility brings to countries an enormous range of instruments and resources through the entities of the network to address global environmental concerns. It is clear that on its own the GEF cannot achieve the impact it seeks or has been expected to achieve.

The evaluation detected no support for the GEF to become an independent agency. Most members consider that the GEF role is and should continue to be to grant finance for global environmental benefits. If it wants to exercise a different role this requires different responsibilities and scale of activities and operations which would in turn require a much deeper examination.

To strengthen GEF governance effectiveness and facilitate accountability the roles and responsibilities of all actors in the governing bodies need to be clarified with a view to minimizing overlap and addressing possible gaps. We must avoid conflict of interest, separation of duties, overlap and duplication of roles. Each entity has specific responsibilities and oversight of other parts of the system

¹³ GEF/R 5/16.

The Instrument provides the possibility for the CEO to convene periodically meetings with the heads of the GEF Implementing Agencies to promote interagency collaboration and communication and to review operational policy issues regarding the implementation of GEF-financed activities. This high level interagency Committee for coordination among GEF Secretariat and Agencies has not been utilized to discuss the current situation of the partnership.

While, as mentioned before, tensions in the partnership system are real and negatively affect governance performance, they have surprisingly never been brought up to the attention of the Council. It is time for Governments to get involved in order to set new orientations and redefine and bring back a balanced, efficient and workable partnership among all actors.

In this regard it is worth noting that the replenishment process requested the Agencies to submit an Inter-Agency paper providing their views, concerns and proposals on the paper on strategic positioning of the GEF. This was presented at the second replenishment meeting in June 2009¹⁴. It will be a useful input for the consideration of governments.

E. Governance and Conventions

Interviews reveal that Conventions do not see problems with the GEF network structure system of governance. Their main concern is the response that their demands get from GEF governance and the accountability of GEF to the Conventions. There are different views concerning the conformity of GEF funding with the policies, programmes and priorities of Conventions. However, being the official funding mechanism of the conventions, GEF has raised expectations which were not fulfilled, creating disappointment and frustration.

While GEF may be considered a small player in the case of climate change it is certainly an important source of finance for the other focal areas.

The evaluation has pointed out to an overwhelming support by Members in finding mechanisms that will contribute to a better integration of the Conventions with GEF.

The search for possible solutions should be envisaged taking into account a number of important constraints that this relationship is suffering at present.

Firstly, GEF resources are too small to implement the conventions multiple programmes and policies. There is just not enough money being allocated to the GEF by the replenishment process for these purposes. As a result GEF is obliged to engage in a process of setting priorities.

Secondly, the Conventions are partly to blame, they could come out with more realistic indicators of priorities and give better guidance and set of directions to GEF as to where to direct its financing. COP guidance has been deficient and this needs to be corrected.

Thirdly, national governments also bear a high level of responsibility. They should get their act together and have coordinated positions and strategies in the Conventions as well as in GEF. Many times different Ministries, focal points or individual actors of the same country defend divergent positions in different fora. Efforts should be directed to correct this disturbing and confusing trend. There is a need to integrate, at the country policy level, all environmental agencies and actors dealing with GEF and the different Conventions. The establishment of national steering committees with GEF support to that effect would be highly desirable.

¹⁴ Issues for the Strategic Positioning of the GEF, Prepared by GEF Agencies; GEF/R.5/16, June 1 ,2009.

Fourthly, there is also a need to reconcile the prominently national character of projects and policies that emerge from the Conventions to the global environmental concerns that GEF is supposed to attend. No wonder that there is a mismatch between the priorities of COP and GEF.

Fifthly, the operating modalities between the GEF and Convention secretariats as well as those of the Conventions with the GEF Council have not yielded positive results and are unlikely to do so unless some major changes are introduced. Conventions have had a limited role and voice in GEF governance. The GEF Council on the other hand, has a role in balancing the needs from the Parties to the Conventions with the expectations from both GEF donors and recipients for greater results and impact. This is not a question that can be improved through better discussion and coordination at the level of the secretariats. It is a high level governance issue.

Finally, a large number of conventions expressed their concern about the increasing importance and priority given to climate change in environmental discussions and how it can affect other environmental funding. This is enhanced by the possibilities being discussed, of GEF expanding its scope and operational activities to new focal areas.

The problems are real and need governmental attention. In Recommendation 5 we suggest ways in which a better articulation and coordination between the Conventions and GEF could be achieved.

F. Governance and Stakeholders Including NGOs

The evidence emerging from the interviews shows that Governance provides sufficient space for stakeholders to have their views heard (72%) and that GEF compares well with other international organizations in this respect (79%).

The recent acceptance by the Council (June 2009) of civil society (NGOs) participation as observers in the GEF Replenishment process is an important step in the right direction.

There is a consensus view that stakeholders other than governments should not be incorporated in decision-making in the GEF Council.

On the other hand, interviews with civil society reveal that the implementation of RAF has significantly impacted the original partnership between the GEF and civil society. The number of GEF projects executed by civil society has steadily declined from 30% of the total share of GEF allocations in GEF 2 to 8.6% in GEF 4.¹⁵ It is felt that the decrease in CSO involvement has been detrimental to improving the countries performance.

They feel that as part of the new allocation of resources system there should be an overall set aside of 15% for CSO executed projects. Since these proposals can only be addressed and decided by governance, it is important to highlight them in this section of the report.

G. Governance and STAP

STAP has not a great visibility in the governance structure, its voice is not perceived as strong and its role is not particularly clear to most members. Opinions while not uniform, tend to coincide that it is (or could be) a useful instrument, and that there is a need for a much better articulation of the role of STAP in the GEF.

¹⁵ The impact of the Global Environment Facility's Resource Allocation Framework on Civil Society Organizations,. A joint NGO report by Universal FEU-US, April 2009.

The question does not seem to be a lack of mandate. The STAP is established as an advisory body to the GEF and should provide objective, strategic scientific and technical advice on GEF policies, operational strategies, programs and projects and programmatic approaches. Pursuant to that mandate the STAP should report to each regular meeting of the GEF Council and, if requested, to the GEF Assembly on the status of its activities. The barrier therefore is not the mandate, but the way it has exercised it in practice.

While there is agreement that the role they have played with regards to individual projects has been satisfactory, what is lacking is an injection of good science by STAP into GEF priorities and strategies. They have clearly not exercised the desired strategic guiding role to the Council regarding contemporary issues and challenges of the global environment and how to address them. Nor have they given guidance on cross focal area issues in an integrated manner. Other than their involvement at the project level to ensure scientific soundness and technical quality, their contribution to the overall GEF strategic policies and programmes has been marginal. The majority view from Council members are that their interaction with Agencies and Convention secretariats has also been less than satisfactory.

In other words, the mandate has not been exercised strategically. STAP has been much more reactive than proactive. A good example of this is that only at the last June Council meeting they presented for the first time to the Council a Decision for adoption.

A number of arguments are given by STAP to explain this situation: they were not given the space to bring strategy to the Council; the GEF Secretariat has taken over part of its functions; the relations with UNEP and their role vis-a-vis GEF have also impeded that they play a more explicit role, or that it is up to the Council to clearly indicate the role they expect from STAP.

The evaluation is of the opinion that STAP should play a more strategic role and be better articulated into GEF governance. This would be considered as a very positive contribution. The question is whether their current structure, member composition and modus operandi is the best suited to perform this task. In this respect, it is useful to look at the experience of the former Technical Advisory Committee and now the Science Panel of the CGIAR, which has exerted a great deal of influence on governance policies and decisions of that body.

Unless there are clear indications from the Council as to the expected future role and functions of STAP, it is unlikely that it will be able to revert the current situation spontaneously.

Summary of Evidence Based Findings on Governance – A Reappraisal

Five Dimensions of Good Governance: Representation; Effectiveness; Efficiency, Transparency and Accountability

The analysis of the evidence collected in the evaluation as well as the benchmarking of GEF governance with that of other international organizations points to the following conclusions:

1. GEF scores very well in terms of transparency and relatively well in terms of voice and representation in comparison with other international organizations.
2. With regards to effectiveness - defined as the fulfillment of its mandate as determined in paragraph 20 of the Instrument - most members seem to be in agreement that the Council is living up to its obligations. The independent GEF Evaluation office has reported in OPS3 and OPS4, significant results achieved by the GEF. The Council has certainly been able to keep under review the operation of the Facility with respect to its purpose, scope and objectives. It has approved the work programme and ensured that the programmes and projects are evaluated on a regular basis. It has directed the utilization of GEF funds. The large majority of Council members consider that they have received good quality and timely support from management for the conduct of Council sessions. A review of the decisions taken by the Council during GEF 4 by the evaluation shows that it has approved a large number of policies and strategies. These positive findings should however be weighted against a number of weaknesses that emerged from the evaluation that certainly influence governance in the delivery of high quality results. Among them should be mentioned: the overlapping in the roles and functions of governance and management; the significant influence of the Replenishment process in the definition of Council decisions on policies and strategies; the difficulties for Council to monitor progress in the implementation by Agencies of programmes and projects; the lack of response of GEF to the Conventions policies and programmes and the increasing tensions in the partnership-network system between GEF and its Agencies.
3. Efficiency is defined as the capacity of governance to fulfill its mandate in a cost effective way. From a purely financial point of view, the cost of governance in GEF seems quite reasonable when compared to other organizations. Similarly, the demands of the Council on the Secretariat time are perceived by management as adequate. The question is however how these resources and inputs are converted into results. In that respect, it must be remembered that GEF was designed as a network facility between the Secretariat and the agencies. This partnership role with a coherent division of labour among all the actors is today more important than ever. There are currently a number of dangerous tensions which are having a negative impact on performance that are not being addressed by the Council. There is an urgent need to redefine the roles and responsibilities of all the players in this network arrangement, to strengthen the partnership, to avoid overlap, duplication of efforts and to simplify implementation processes.
4. Accountability is certainly the dimension of governance where GEF has the biggest problems. Accountability requires a set of benchmarks against which to set performance. There are currently no mechanisms for the governing bodies to be held accountable by the membership. There is no institutionalized process of self evaluation for the Council. Only in June 2009, a process has been agreed for evaluation of management performance by the Council.

VII. Recommendations

Governance is central to a strengthened GEF if it is to meet the challenges of the future and the expectations of its members in an evolving global environment. This evaluation has shown that the constraints and limitations observed in the current governance model, respond more to functional than structural reasons. No major changes in the governance structure of GEF are therefore envisaged. What is needed is a process of reform that will introduce adjustments in the governance, seeking to improve the system as it stands, without altering the fundamentals of the system.

Strengthen the Functional Architecture of the Governing Bodies

Recommendation 1

The evaluation recommends that the Assembly should meet every two years in order to respond to a rapidly evolving environmental agenda, urgent new challenges and growing Convention needs and demands. This will require an amendment of the Instrument. The resort to more regular meetings of all GEF members, will only be justified if the Assembly, as the highest political body of the facility re-organizes itself and strengthens its policy and strategic role in order to contribute in a cost-effective manner to good governance, as well as becoming more attractive for active participation by ministers and key stakeholders in the environmental field. A major re-definition of its traditional role, including a major reshaping of its agenda and modus operandi is required in order to stimulate debate among ministers on key environmental issues.

GEF was conceived as the financial mechanism of the Conventions and should deploy all its efforts to remain so in the new financial architecture post Copenhagen being currently discussed. One area where the Assembly could contribute to global coherence in the environmental field would be serving as the forum for discussion and coordination of all funding devoted for environmental programmes and projects. GEF only covers a small proportion of all the international financing needs of global environmental programs. Nevertheless, the fact that it is the financial mechanism of the main environmental Conventions means that it is the major link among them. Thus its capacity to be the hinge that unites them can be exploited so as to ensure that they act less as isolated silos and more as a coherent system in defence of the global commons.

While a fair amount of data is available on the various environmental activities of bilateral and multilateral donors, that information is often unreliable and cannot be compared or aggregated due to differences in definition and methodologies¹⁶. All donors, as well as recipients, would benefit from a clearer picture regarding total financing with regards to the various environmental focal areas. This would provide incentives for closer coordination among donors, and also help GEF in shifting the orientation of its financing to cover the gaps in areas where its actions would be more effective.

The Assembly could act as a facilitator and coordinator for developing a clearer and more transparent picture regarding global finance in environmental activities. Issues such as the underfunding of the GEF as compared to the guidance from the Conventions; combining this guidance with the replenishment cycles; environmental assistance as a proportion of ODA could clearly be addressed at the Assembly. This would require the presence of Ministers of Economy and Finance of member countries and as such contribute to better synergies and coordination with other ministers of the environment and cooperation also involved in GEF financed environmental activities.

Another important function for the Assembly would be the provision of a forum for high level discussion aimed at identifying mechanisms that would ensure a better articulation and coordination of the Conventions with GEF governance and among Conventions (See Recommendation 5).

¹⁶ Study of GEF 's overall Performance, GEF, Gareth Porter, Raymond Cl  mencon: Waafas Ofosu-Amaah and Michael Phillips.

Faced with an evident fragmentation in world environmental governance, a third function that we recommend be explored in order to give to the Assembly a more strategic role in addressing emerging global environmental issues is a much closer coordination with the governance of UNEP. UNEP would provide reports relating the GEF financed activities to global, regional, sub-regional and national environmental assessments and contribute in strengthening and building synergies among multilateral environmental agreements.

Recommendation 2

The evaluation is convinced that addressing the problems faced by Constituencies is a key factor for improving the sense of ownership by members in GEF governance, in particular the smaller developing countries. The ability of countries to be better represented and make their voice heard effectively at the Council is an important issue that needs action by governance.

There is an urgent need to revisit the number, size, composition, operational modalities and practices of the constituencies and define criteria and guidelines for a more efficient operation. This should encompass issues such as: an egalitarian rotation system for Council membership among constituency members; the review of single country seats, the frequency of constituency meetings and the required flow of information and consultation among members. An assessment of the personalized technical GEF support needs to ensure a more equitable and performing constituency network should also be identified. This should enhance the ability of members represented at the Council by multi-country constituencies to formulate common platforms that address their objectives and needs and as such contribute to the quality of the member's representation in governance.

The evaluation recommends that Council pays immediate attention to this issue. One option for ensuring a prompt implementation would be the establishment of a Council Interim Committee that would be entrusted to look at the problem and come up with suggestions and guidelines for Council endorsement. In view of the reluctance shown by members to the establishment of Council Committees recognized by this evaluation, an alternative approach to put into immediate effect the necessary changes, (although we consider it a less efficient procedure) would be the extension by one day of the next Council session in order to address and define this issue with the support of documentation prepared by the Secretariat in prior consultation with constituencies.

Recommendation 3

One fundamental rule of good governance that needs to be addressed is the lack of a clear definition and observance by both governance and management of their respective functions, roles and responsibilities. At present we witness an overlap of these roles, with management assuming some of the prerogatives of governance and the governing bodies involving themselves in the micro-management of the organization.

The problems arising from this unclear delineation of actions and responsibilities are enhanced in the case of GEF, by the CEO also acting as the Chairman of the Council. This is a practice which is contrary to the best international and national governance practices, of both public and private institutions, and is a subject that needs to be addressed if the objective is to strengthen GEF governance. The fact that this unhealthy practice is the current norm in most other international and regional financial institutions is no excuse from not tackling the serious consequences of maintaining this type of ambiguity between the roles of governance and management. On the contrary, we feel that a clear separation and proper performance of the functions of GEF

governance on the one hand, and management on the other, would constitute a ground breaking rule among international financial institutions. It would set up a good precedent and example of good governance to be followed by others, as well as making a major contribution to aligning GEF with the best international governance practices.

The evaluation recommends that the Council addresses this issue in order to prepare the ground and make the necessary governance adjustments (including changes in the Instrument) so that the next CEO to be appointed will no longer act as Chair of the Council. A Chairman and Vice-Chairman with enhanced functions and roles from that of the current selected Chair in each Council session will be appointed by the Council among its Members for a two year period. Regular rotation between donor and recipient countries should be envisaged. At the end of his period the Chairman will be replaced by the Vice-Chairman. This will ensure that the Chairman will be fully familiar and involved with all major issues confronting the Council.

The appointed Chair will:

- (a) Chair all meetings of the Council and Council Committees that may be established;
- (b) Set the Council's agenda and prepare draft decisions for consideration of the Council;
- (c) Conduct informal consultations and act as an honest broker among members in search of common ground regarding pending or divergent issues;
- (d) In between Council sessions, he will interact with Council Members, Constituencies, and Conventions. GEF Agencies, STAP and other stakeholders and take the necessary actions to support the work of governance.

In the performance of all these functions, the Chairman will be assisted by the CEO and the GEF Secretariat.

The functions and activities mentioned above will require a much greater involvement of the Chairman as well as better acquaintance with the regular activities of GEF. It will also demand a considerable stronger presence in Washington than has been the current practice, as well as some travel. The enhanced functions envisaged would also entail financial implications. The necessary budgetary allotments should be provided to that effect.

Criteria should be agreed by the Council to ensure that the selected Chair and Vice-Chairs have the necessary knowledge, experience and skills required to exercise leadership and contribute effectively to the strengthening of GEF governance. A subcommittee of the Council could be appointed to that effect and make recommendations to the Council.

In this new arrangement the CEO should retain the responsibility for all aspects of the internal working of the organization and its programme of work. It should also maintain the proactive role that it currently exerts at Council meetings, proposing for its consideration programmes and priorities as well as areas for institutional improvement. It will continue to give firm support to the governing bodies in the execution of their work.

Redefining the GEF network- partnership system

Recommendation 4

GEF was conceived as a multilateral financing mechanism that would build on the institutional structure of existing and proven agencies.

GEF Agencies were part of the governance structure of GEF, sitting at Council meetings with voice and no vote, and had a key role to play in the implementation of the operational policies, strategies and decisions of the Council within their respective areas of competence. This innovative partnership system between the GEF and the Agencies was considered the most effective and efficient organizational model.

The evaluation has shown that the notion of partnership has evolved and suffered a number of adjustments throughout GEF existence. While the agencies exerted, in the early days, a great deal of power and leadership in the direction of policies and strategies, they have seen their role and responsibilities weakened throughout the GEF business cycle. A number of operational changes have gradually increase the role and functions of the GEF Secretariat, creating overlaps, tensions and conflicts which have negatively affected the functioning of GEF.

The evaluation findings confirm that members continue to consider the concept of partnership as extremely valid and relevant. They feel that this network-partnership system needs to be preserved and strengthened in any envisageable GEF reform. Moreover, they believe that in a world faced by financial crisis and global recession and with increasing competing demands, the need to be cost-effective and to capitalize on all existing capacities and expertise at GEF disposal is more needed than ever before. Even more so in a context where the global environmental challenges are becoming more complex and urgent.

While tensions are real and negatively affect governance performance, they have surprisingly never been brought to the attention of the Council. It is time for Governments to look at this problem and set new directions.

The evaluation recommends that a Special Session of the Council be convened to address the question of the tensions between the different actors in the GEF network and partnership model. This could, time permitting, be done immediately after the November Council meeting and for a duration of one day. Alternatively, the Council could decide an appropriate date to hold such a meeting.

The Council should define and give specific orientation as to the respective roles and functions of the GEF Secretariat and GEF Agencies in this new partnership, combining the strengths of all entities in support of GEF mandate. This should contribute to restore the level of trust and confidence and provide a sense of ownership to all the actors involved. This governmental clarification of the respective roles and responsibilities should minimize overlaps and duplications, address possible gaps and also contribute to strengthen governance effectiveness.

In redefining this new partnership a number of crucial elements - some of which are very unique to GEF - should be taken into account. A list of such elements, elaborated by the evaluation, which does not pretend to be exhaustive, is included in Annex II with the sole purpose of facilitating, in this endeavour, the consideration by governments. The papers prepared by the GEF Secretariat¹⁷, by the GEF Agencies¹⁸, submitted to the second replenishment meeting in June 2009, as well as a new paper being prepared by the GEF Secretariat clarifying the roles and responsibilities of the GEF entities, should serve as useful reference documents for intergovernmental discussion.

¹⁷ Policy, Institutional and Governance Reform; GEF/R.5/15, June 1, 2009

¹⁸ Issues for the Strategic Positioning of the GEF; GEF/R.5/16, June 1, 2009

Better articulation and coordination between the Conventions and GEF governance

Recommendation 5

GEF was conceived as the financing mechanism for several Conventions and its first operational principle is to be accountable to the Conventions. The mere designation of GEF as the official funding mechanism has raised a number of expectations, which in practice, GEF has been unable to fulfill.

This lack of response by GEF can be justified for five reasons. Firstly, GEF resources are too limited to attend the multiple demands of these Conventions. Secondly, the Conventions have not been able to establish a clear list of priorities for GEF Council attention among the programmes, policies and strategies they have identified. Thirdly, there is an important divergence of focus between Conventions and GEF, while the former looks at national needs and positions, GEF looks at global benefits. Fourthly, most national governments are not acting in a coherent and coordinated manner in the governing bodies of the Conventions and in GEF. Fifthly, the Conventions have a limited role and voice in the governance of GEF.

The evaluation has shown that there is an almost consensus sentiment among members as to the urgent need to find mechanisms to better articulate and coordinate the Conventions into GEF governance. The evidence also shows that the current Council practice of listening to a short statement by a Convention representative at the beginning of each session will not do the job. It also points out that in spite of recent renewed efforts, secretariat level coordination between GEF and the Conventions has not shown tangible results.

The evaluation feels that the existing situation is serious; not in the long term interests of GEF; and that it needs urgent governance action. As such, it recommends bringing this subject to the attention of the highest level of decision making in the GEF: the Assembly, in the new strategic role that has been suggested for it (see Recommendation 1).

The next Assembly in Punta del Este should incorporate as a priority subject for governmental attention the identification of mechanisms for a better articulation and coordination of the Conventions into GEF governance. The presence and participation of the Chairs as well as Secretary Generals of the Conventions should be ensured, in order to secure a substantive high level discussion by members at a Ministerial level.

In order to engage in a meaningful discussion and to achieve positive results, the Assembly should have in mind the five problems that have been identified above which conspire against a better integration between GEF and the Conventions.

A first point for discussion at the Assembly should center on the current communication system between the Conventions and GEF. In the search for possible solutions, the Conventions should agree to drastically change the way in which they address the GEF Council. Currently, GEF receives every year, a shopping list of requests, some very general, some very specific, some very technical, others very political. There are no indications regarding neither priorities nor whether the current list supersedes the one presented the year before. An effort by the Conventions to set priorities for GEF financed activities would certainly be a major improvement from the current situation.

Another subject for discussion at the Assembly could be the existing divorce between the Convention's requests for funding and the finance allocated and policy directions given to GEF

in the replenishment process by donors. No wonder that this factor generates frustration. Since it is the same governments that are represented in the Conventions and the GEF Council, this could be an interesting topic of debate at the Assembly with the aim of finding ways and means for improving the situation.

A third subject for intergovernmental discussion at the Assembly could address the best ways to integrate in GEF financed programmes and projects the notions of national environmental needs with the achievement of global environmental benefits. The notions of mitigation and adaptation projects would certainly crop up as a subject of debate, in particular considering that adaptation projects are increasingly being considered as having cross boundary rather than purely national benefits.

A fourth area that needs governmental high level attention is that of the disparity between GEF being designated as the principal funding mechanism for the implementation of the Conventions decisions and the meagre resources allocated to it to satisfy this objective. This could also be an important subject for debate at the Assembly. Obviously, the current allocated resources cannot match the growing demands in all focal areas. In these circumstances, the answer is to set orientations as to how to set priorities or recommendations regarding additional sources of finance.

Last but not least is the question of the distribution of funds among focal areas. Currently, climate change and biodiversity account for the bulk of GEF financed activities, as a reflection of donor's priorities with regards to environmental concerns. An Assembly discussion among all GEF members could yield a different perspective regarding GEF funding allocation.

Future Assemblies could concentrate their in-depth discussions on one focal area, and device strategies, policies and priorities for Council implementation.

Eventually, the question of the new GEF partnership discussed by the Council, and the most effective role of each GEF Agency in supporting GEF's mandate, could also be addressed by future Assemblies.

Towards a more strategic role for STAP

Recommendation 6

The evidence from the evaluation shows that the visibility of STAP in the GEF governance structure is very low; its voice is not perceived as strong and its role is not particularly clear to most members. Members opinions, however, while not uniform, tend to coincide that an injection of good science by STAP into GEF policies, strategies and priorities would be highly desirable.

The question does not seem to be a lack of mandate. The STAP was established as an advisory body to the GEF to provide objective, strategic, scientific and technical advice on GEF policies, operational strategies, programmes and projects as well as programmatic approaches. The STAP has the opportunity to report to the Council at each regular meeting. The barrier therefore is not the mandate but the way it has exercised it.

The evaluation is convinced that the STAP has the potential to play a very useful and strategic guiding role in governance regarding contemporary issues and challenges of the global environment and how to address them. Their guidance on cross focal area issues on an integrated

manner would also be an important contribution. The STAP argues that there are a number of internal constraints and limitations that inhibit them from playing a more proactive role.

The evaluation recommends that the Council should give clear indications to the STAP as to its expected future role. Other than their current involvement at project level to ensure scientific soundness and technical quality, the STAP should exercise its mandate in a more strategic manner and get involved in the process of advising the Council in the design of policies and strategies.

ANNEX I: Governing Bodies in Intergovernmental organizations – Elected Indicators

Indicator/Insitution	Constituency-based Oversight Model							Delegate-and-Control Model						
	GEF	WHO	UNDP	IMF	World Bank	AsDB	AfDB	IADB	WIPO	ILO	EBRD	CGIAR	IFC	MIGA
Membership size	177	193	192	185	185	66	77	47	184	178	63	64	181	175
Staff or secretariat	60	8.000	7.000	2.600	13.000	2.000	1.000	1.850	1127	56 titular members*	1.570	25	2.400	n.a.
Size of executive board	32	34	36	24	24	12	18	16	84%	n.a.	23	21	24	24
Ratio of board size to total membership	0,18	0,17	0,19	0,13	0,13	0,18	0,24	0,34	0,25	0,31	0,37	0,33	0,13	0,14
Frequency of board meetings	2/year	2/year	3/year	3/week	2/week	1-2/week	1/week	2/week	1 year	3/year	1-2/month	2/year	2/week	2/week
Annual cost of running the board	n/a	n/a	n/a	3% of admin. budget	2 year elected EDs	3%	7%	n/a	4%	n.a.	n.a.	5%	n.a.	n.a.
Mandated terms of office for directors	3 years	3 year One	3 year	2 year elected EDs	2 year elected EDs	2 years	3 years	3 years	3 to 5 years	3 years	3 years	n.a.	2 years	n.a.
Voting system	Double Majority	country, one vote	One country, one vote	Weighted	Weighted	Weighted	Weighted	Weighted	2/3 Majority voting	Simple Majority	Weighted	Simple Majority	Weighted	Weighted
Resident or non-resident board?	Non-Resident	Non-Resident	Non-Resident	Resident	Resident	Resident	Resident	Resident	Resident	Non-Resident	Resident	Non-Resident	Resident	Non-Resident
Number of chairs representing single countries	31%	0%	0%	33%	33%	25%	5,50%	12,50%	no	18%	35%	73%	n.a.	25%
Average rotating constituency size	7,6	5,6	5,3	10,9	10,9	7,2	4,5	3,8	n.a.	n.a.	3,7	n.a.	n.a.	n.a.
CEO is also chairman of board?	YES	NO	NO	YES	YES	YES	YES	YES	NO	NO	YES	NO ¹⁹	YES	YES
CEO responsible to set-up agenda?	YES	NO	NO	YES	YES	n.a.	n.a.	YES	NO	NO	n.a.	n.a.	YES	YES
CEO votes in the board?	NO	NO	NO	NO	NO	n.a.	n.a.	NO	NO	NO	n.a.	NO	NO	NO
Performance standards for CEO?	YES	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	n.a.	NO	NO

¹⁹ Usually a Vice President of the World Bank designated by the President of the World Bank. The Director of the CGIAR (CEO) heads the CGIAR Secretariat

Direct Representation Model			
EIB	OECD	BIS	WTO
28	30	55	153
1.330	2.500	550	600
28	31	21	153
1	1,03	0,38	1
10/year	12/year	6 year	3/4 year
> 1%	n/a	1,40%	n.a.
5 years	3.5 years	3 years	3 to 5 years (discretionary)
Double Majority Non- Resident	Simple Majority Resident	Simple Majority Non- Resident	Consensus (simple majority) Resident
96%	97%	100%	100%
n.a.	n.a.	n.a.	n.a.
YES	YES	NO	NO
YES	YES	NO	NO
NO	n.a.	n.a.	NO
NO	NO	NO	NO

Source: Prepared on the basis of Tables IV.1, IV.2 and IV.3 in Executive Boards in International Organizations : Lessons for strengthening IMF Governance Leonardo Martinez- Diaz, Borookings Institution, August 2008 and information for other organizations provided by the author.

ANNEX II

List of elements and factors to be taken into account in the redefinition by governments of the roles and responsibilities of actors in the new partnership- network system of governance. This list does not pretend to be exhaustive.

1. The nature and role of GEF as a financial mechanism providing mainly grant funding.
2. The accountability of GEF to the Conventions.
3. Its role in the delivery of Global Public Goods.
4. The role of GEF as an innovator and risk taker.
5. The role of GEF as a link between the UN and Bretton Woods system (international financial institutions).
6. The role of GEF in spreading knowledge and contributing to global coherence.
7. GEF as the only multilateral, multisectoral, multipartnership Fund.
8. The role of GEF as a coordinator, facilitator and not necessarily a “Doer”.
9. The role of GEF in building synergies across environmental Focal Areas.
10. The role of GEF in building linkages and mutual support across systems.
11. The need for all GEF financed activities to be demand driven and reflect country’s ownership.
12. The need to preserve and strengthen the existing network- partnership model, drawing upon the accumulated competencies, experience, leveraging and field presence and networks of existing multilateral agencies.
13. The GEF operations on the basis of collaboration and partnership among the GEF Agencies as a mechanism for international cooperation to meet the incremental costs of measures to achieve agreed global environmental benefits.
14. The need for a more simplified project cycle. Identification of the reasons why for non GEF projects, agencies can programme and deliver much more rapidly.
15. The need to reduce transaction costs through delegation and decentralization.
16. The need to give incentives and a sense of ownership to the agencies in the working of the partnership.
17. The need for the GEF Council to concentrate on policies and strategies, reduce its role in the project cycle and avoid micromanagement
18. In thinking about a future more efficient division of labour, and considering that at least some of the large donors want a continued involvement of GEF in the project cycle, this competence could be retained up to the level of PIF approval. Afterwards, the GEF Agencies could be allowed to use their own project cycles and approval procedures. The Council should hold the Agencies accountable for major outcomes and results.
19. The need for the GEF Secretariat to provide more intensive personalized support to the GEF operational and political focal points at the country level, and constituencies at the regional level, in order to improve understanding of the system and its functioning.
20. The need for increasing GEF support in improving national coordination among different environmental focal points and stakeholders (notion of the establishment of Steering Committees).
21. The lack of support by governance for GEF becoming an independent organization.
22. The lack of support by governance for the GEF Agencies being involved in governance decision making.

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